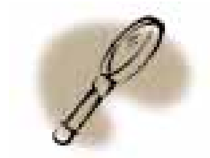

How MONDAVI Is Growing Around the World

Joint ventures can hold the key to expanding globally, introducing new product lines and leveraging brand capital. But it takes good relationships — and patience.

By Lawrence M. Fisher

Over a little more than three decades, Robert Mondavi has built a winery and a brand that can claim a place alongside the great first growths of Bordeaux and Burgundy, vineyards with literally centuries of prestige and equity. Today, entering the 21st century, the Robert Mondavi Winery is seeking an even loftier place: It aims to leverage and extend that enviable brand far beyond its Napa Valley roots, without losing its value and position in the markets it has captured.

To be sure, there were good, even great, wines made in the Napa Valley before the Robert Mondavi Winery opened its doors in Oakville in 1966. But there had never been anyone with Mr. Mondavi's mixture of passion, promotion and pizzazz, or with the sheer energy to bootstrap a world-class winery from the ground up. Now 85, Mr. Mondavi remains the winery's chief spokesman, still articulating his goal with stark clarity: to produce a wine that belongs among the world's finest.

But for his sons, Michael and Timothy, and for the rest of the management team that runs the Robert Mondavi Winery, there is no resting on past laurels. The wine business may be unique — in its mystique, its subjectivity and its volatility — but in the 1990's it has faced many of the same trends as any branded consumer product. Consolidation, competition and the globalization of markets have transformed and toughened the wine industry.

In response, the Mondavis are globalizing their business. They were among the first California wineries to export their products, and they now sell wine in more than 90 countries, including France and Italy. Taking a further step, in the past few years they have begun producing wine in France, Italy and Chile through a combination of contract operations and joint ventures, creating a multinational family of brands under the umbrella of the original Robert Mondavi Winery in Oakville.

These overseas operations and the brands they support are to some degree an extension of a portfolio strategy begun as early as 1979, when the winery simultaneously reached down-market with the Robert Mondavi White and Red table wines, now known by the Woodbridge label, and

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up with the creation of Opus One, a Napa-based collaboration with Château Mouton Rothschild of Bordeaux. The immediate success of those operations prompted further extensions, through both acquisitions and the creation of new, related brands in the 1980's and early 1990's.

It is too early to tell if the brands created in France, Italy and Chile will enjoy similar success, and there have, in fact, been some initial missteps. But it is instructive to examine the underlying strategy behind the Mondavis' diversification abroad and the cultural and managerial issues they have faced. The wines themselves have been well received, by reviewers and consumers alike. As one of the few publicly held wineries, however, Mondavi will also have to answer to a higher authority: the stockholder, who is looking to the new brands to enhance share value. (See accompanying article, page 81.)

STARTING A TRADITION

The Mondavis have strong but strikingly different personalities, so much so that Robert once brought in a therapist to sort out the familial and business issues dividing him from Michael, Timothy and their sister, Marcia, who is no longer active in the winery. In conversations with any of them, however, a common theme always emerges — that is, an immense sense of gratitude that they were born in the United States, where the lack of several centuries of heritage and history did not stand in the way of building one of the world's finest wineries.

"My father gave us the [winemaking] vision, but doing it here, since no one had ever done it, gave us the opportunity," said R. Michael Mondavi, the eldest son at 56, and the winery's president and chief executive. "Had we tried to do it in France or Italy, we would never have been accepted — by the wine trade, the vendors or the media."

The vision carried the winery through harvests good and bad and the never-ending struggle for working capital. But by 1990, when the younger Mondavis moved into senior management positions, there was a dismaying sense of "been there, done that."

"What I found was that, by the late 1980's, we had essentially accomplished our vision to create wines that belonged in the company of the best and to market them worldwide," said Michael.

"Done and done," as his father might say.

With those goals accomplished, "the creativity, the drive and the passion of the business, top to bottom, started to wane slightly," Michael said. "We had to figure out a challenging but realizable strategic goal to take us to the next level and to re-energize the creative spirit. I essentially got my father and my brother to agree we had to change the vision," he said. "The goal today is to be the preeminent fine-wine company on a global basis."

It is an ambitious goal, and no other winery is tackling the industry challenges in exactly the same way. In

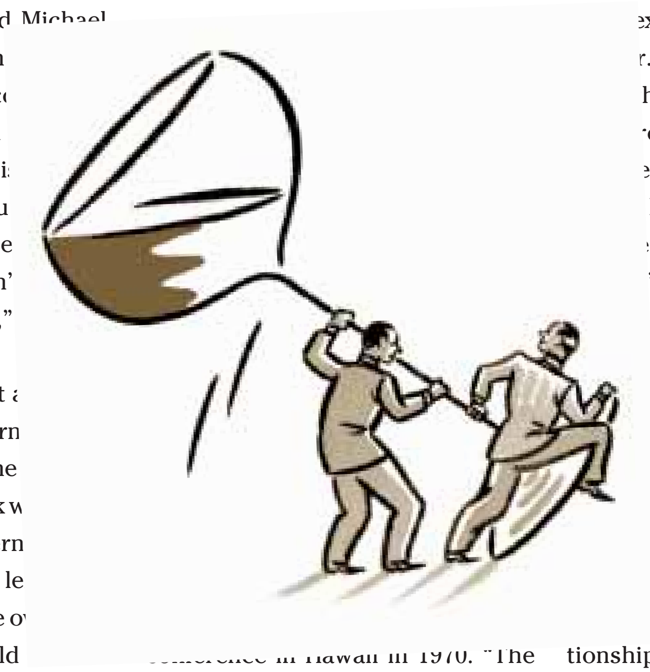
Illustrations by Rollin McGrail

essence, no one has the strategic plan that the Mondavis, having put Napa Valley on the map and helped to establish California's Central Coast as a fine wine appellation, have now laid out for building global markets. Which isn't to say they will have an easy time of it.

In an increasingly global economy, "I believe you have to produce wine in a number — not all — of the best wine-growing regions in the world, old and new," said Michael "You have to produce win of these areas that can c with the best wines in world, on a qualitative basi But the real trick is: Can you also produce wines in the $10 to $12 range? You can' just produce elitist wine," said.

Going abroad was not a ly new idea. During Californ odic grape shortages, some had sourced grapes or bulk w South America or southern sometimes going to great le camouflage its origins. The o Chateâu Lafite Rothschild deaux, meanwhile, purchased a winery in Chile, Los Vascos, and added their brand's prestige and some distinctly French graphics to its label. Many of the major Champagne houses had already built facilities in California.

But the Mondavis thought there was a better way. Rather than buy or build wineries in other countries, they chose to partner with established winemakers in each region. From nearly every perspective, a 50/50 joint venture is more difficult to manage than an acquisition or a new venture that is wholly owned, but the Mondavis' experience with Opus One had convinced them that the benefits would outweigh the drawbacks.



THE LESSON OF OPUS ONE

Robert Mondavi traces the genesis of Opus One to a meeting with Baron Philippe de Rothschild at an industry conference in Hawaii in 1970. "The guy came right to the point," Mr. Mondavi recalled. "He said, 'I'm very interested in making wine in the Napa Valley, in making cabernet sauvignon.' I said, 'What do you have in mind?' He said, 'Is there a way we could work together?' I was dumbfounded."

At the time, Mr. Mondavi demurred, saying that his four-year-old winery was too small and frail yet for such an ambitious undertaking. But the baron persisted and in 1978 persuaded Mr. Mondavi to join him in a 50/50 joint venture based in the Napa Valley. Opus One was born — and with it the California luxury-wine category — with an initial release of 5,000 cases produced at the Robert Mondavi Winery in 1981. Today, with its own winery just across the highway, Opus One produces 30,000 cases annually. The wine, a Bordeaux-style red, sells for $90 to $100 a bottle and is nearly always on allocation, as de- exceeds supply.

r. Mondavi said it was the h of his rapport with the baron ove the venture. "When we et, and I looked at him and he knew he was telling the truth, had complete faith in each ' he said. "In 11 years, never he violate the understanding had in that room." Since the baron's death in 1988, his daughter, Baroness Philip- ine, has taken charge of the oint venture with similar panache.

ng forward, the Mondavis duplicate the special relationship they had with the Rothschilds, but it did not always work out. "I had a deal in Chile, but they were very corporate," Robert Mondavi said, putting a pejorative slant on the word as he declined to mention any names. "We made 10,000 cases together, but they did not follow through on the understanding I thought we had. We cut off the relationship completely, and then it took three years to find somebody with the same goals we had," he said.

The Mondavis found their

Chilean soulmate in Eduardo Chadwick, president of Viña Errazuriz in Santiago, whose family has been making wine for five generations. In a 50/50 partnership modeled directly on Opus One, they launched first an ultrapremium, signature wine called Seña, at about $60 a bottle, followed by a value-priced line, Caliterra, at about $6. This year the joint venture will sell about 6,000 cases of Seña and 646,000 of Caliterra, with each bottle labeled, "From the families of Robert Mondavi and Eduardo Chadwick."

"Eduardo Chadwick is like a young version of my father," said Timothy J. Mondavi, 45, managing director and winegrower. He sees a key benefit to the joint venture: "If you are chasing a dream with somebody, you are constantly challenging one another. If one partner owns 51 percent, you may not be as challenging," he said. "The fact that we have three 50/50 joint ventures is not a coincidence."

The third is with the Frescobaldi family, which has been making wine in Tuscany for 900 years. Again, the partnership began with a luxury red wine, Luce, at $60 a bottle, then added an ultrapremium, Lucente, at $25. This year the venture is also producing a superpremium line, Danzante, in red and white, at $10 to $12 a bottle. The partners expect to ship 8,000 cases of Luce, 15,000 of Lucente and 90,000 of Danzante this year, with distribution throughout the United States and Europe.

"It's important to partner with someone who's had years, hopefully generations, of experience growing grapes, making wine," said Michael Mondavi. "They understand the interaction of the local climate and soil, but, just as important, they understand the local people and culture," he said. "I'm convinced my brother is one of the world's great winemakers,

"In the early days, it takes a lot of time to work with the complexity of two companies, to work out the cultural differences. But it should come back later on when you have this third entity with its own life."

but if I sent him to Italy and said, 'Make wine,' he'd make a great California wine. If we do our job properly, we need the culture to come through in the wine," he said.

Although the Frescobaldis could have made a wine like Luce on their own, they gained the Mondavis' perspective on style, as well as their global distribution capabilities, which are particularly strong in Asia. "In a joint venture, with such a prestigious producer as Mondavi, we can share information and knowledge," said Leonardo Frescobaldi, vice president of sales and marketing for Marchesi di Frescobaldi, S.p.A., in Florence. "It is a very close collaboration," he said.

From an operational perspective, the joint ventures demand a great deal of senior management's time, at least in the formative stages. It is not coincidental that Michael Mondavi appears in ads touting the benefits of leasing corporate jets.

"The benefit of the joint venture comes later on," said Gregory M. Evans, Mondavi's executive vice president and chief operating officer. "In the early days, it takes a lot of time to work with the complexity of two companies, to work out the cultural differences. But it should come back later on when you have this third entity with its own life," he said. "Over time, the senior management involvement does diminish. It's meant to evolve to a system where you delegate a lot of responsibility. You rely on your partner to do the best job they can because they have a lot of vested interest in the joint venture," he said.

THE LESSON OF VICHON

With their French operation, Vichon Mediterranean, the Mondavis decided not to create a joint venture or a new brand but to reposition an existing brand. Both decisions were the result of expedience as much as strategy, and both have caused some problems.

The Mondavis had purchased some bulk wines from the Languedoc region of southern France to blend in their low-end Woodbridge brand, but they began looking at the area in earnest in the mid-1990's as the phylloxera epidemic ravaged northern California vineyards. With the supply of Napa Valley grapes for the flagship brand cut by nearly 60 percent, they faced a critical situation.

They decided to transform Vichon, a brand associated with a small Napa winery they had acquired in 1980, into a French wine, freeing up its grapes for the Robert Mondavi Winery. "By moving Vichon Napa grapes to Robert Mondavi, we were able to drop production only 40 percent rather than 60 percent," said Michael Mondavi. But there was a price to pay. "There were a lot of consumers and retailers who were big supporters of Vichon Napa who got quite upset when it was phased out," he said.

Another problem was that there were no Frescobaldis or Chadwicks in the Languedoc, where most wine is produced by huge cooperatives rather than family-owned enterprises. The Mondavis looked in vain for a suitable partner — and are still looking — but in the meantime they contracted with a local producer to make Vichon Mediterranean. The wine for the United States market is shipped in bulk to California, where it is bottled at the Mondavis' Woodbridge facility in the central valley; wine for European markets is bottled in France.

Helped by a shortage of California wine at the time and by the familiarity of the name, Vichon Mediterranean sales took off rapidly, and the brand soon became the volume leader among moderately priced French imports to the United States, at about $7 to $10 a bottle. But quality control was not always up to the parent company's standards and, perhaps worse, the Mondavis misread the brand's growth potential, forecasting far larger 1998 sales than they actually achieved. Facing the choice of flogging the wine through the distribution channel at deep discounts or cutting their losses on the bulk market, the Mondavis sold the wine in bulk and took a substantial charge in the second quarter of fiscal 1999, ended Dec. 31, 1998.

Although Vichon Mediterranean had been the fastest-growing brand from the Languedoc, "the category in the last year and a half slowed down and became essentially flat," Michael Mondavi said. "If we tried to continue to grow at the rate in our plans, we would have had to spend so much time and money on promotion it would not make sense," he said. Vichon will sell about 280,000 cases of wine this year, up a bit from last year, with moderate growth forecast now for the future. "It makes the value of Vichon Med about 30 percent less than it was," he said.

An underlying issue for Vichon Mediterranean is that it has little in common with the original Vichon brand, like taste. It is light and clean-tasting but lacks the richness of the Napa Valley wine. "Wine isn't exactly a commodity," said Jean-Michel Valette, a former investment banker who helped take Mondavi public and is now a competitor as president and chief executive of Franciscan Vineyards and Estates in Rutherford, Calif. "And at that price point, the taste profile was probably different enough that they surprised their consumer," he said.

Mr. Valette said there are really two globalization strategies at work in the wine industry. The first, global sourcing, discounts the importance of a wine's place of origin and simply seeks a steady cost-effective supply of grapes or bulk wine. The second, global presence, plays up the implicit value of the great wine regions, what the French call "goût de terroir," or "taste of the earth," and seeks to realize that value in the brand. "Ultimately, I think Mondavi is more likely to be successful on that front," he said. "They've built the business based on quality, innovation and being among the world's finest."

THE LESSON OF WOODBRIDGE

For investors, the Vichon stumble was perhaps more worrisome because it followed a more serious forecasting error with Woodbridge, the six-million-case brand that drives the company's revenues and earnings. A small grape crop in 1996, the result of an early spring rain, reduced sales of Mondavi's Woodbridge chardonnay, its biggest seller. It had to ration shipments to retailers, and when the 1997 vintage became available in March 1998 sales did not rebound as quickly as Mondavi had forecast, causing the company's fiscal 1998 earnings to fall short of analysts' estimates.

The brand has since rebounded, but when sales were sluggish some investors grumbled that the Mondavis had gotten caught up in the headiness

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The Discipline Imposed by Going Public

Like many a small startup business, the Robert Mondavi Winery struggled in its early years for lack of adequate capital. Even as the winery attained new heights of prestige and success, the struggle continued, and Mondavi survived on a succession of small investments by friends and bank loans. Robert Mondavi even sold half the business at one point to the Rainier Brewing Company, only to buy the stake back several years later after chafing under corporate oversight.

Wine-making is capital intensive. Vineyards must be cultivated or grapes bought; specialized pieces of equipment like crusher-stemmers and wine presses are costly, yet they are used only part of the year; no winery ever has enough stainless steel tanks or oak barrels. With the exodus of several big banks from winery lending in the early 1990's amid bank consolidations and skittishness over the business, many wineries struggled or collapsed for lack of financing.

Mondavi struggled along with them. "So in the early 1990's, we had serious problems on our hands," Robert Mondavi writes in his autobiography, "Harvests of Joy" (Harcourt Brace, 1998). Because of the phylloxera infestation, "some 600 acres of prime vineyard had to be ripped out and replanted, and we already had heavy debt and exorbitant operating costs." The winery's sales were up, to $145 million in 1992, but it was surrounded by new competitors, in many cases large corporations that had bought up the foundering wineries at fire-sale prices.

Even more worrisome were the estate-planning issues that arose as Mr. Mondavi's age advanced. "When Dad was about 75, we essentially said, 'we hope he's going to live forever, but no one's done it yet,'" Michael Mondavi recalled. Owing to great increases in the value of their vineyard holdings, the family estimated it would owe 25 percent of the value of the company in death taxes. "Since 100 percent of our family's net worth was the winery, we would have to sell part of the company, under duress, or put such an intense debt burden on the company that it would put the whole thing at risk," he said.

The solution was, in the senior Mr. Mondavi's words, "a gamble": a public offering of stock on the Nasdaq exchange. The deal was a risky one for a number of reasons, not least of which was the lack of comparable companies with which to establish a valuation. At the time, there were just two publicly traded wine businesses in the United States. One was the Canandaigua Wine Company, a huge New York-based producer of inexpensive wines whose business bore little resemblance to the Mondavis' operation. The other was the Chalone Wine Group, a tiny producer of ultrapremium wines based in Napa, Calif., whose major return to shareholders had been the gourmet feast accompanying its annual meeting.

But with the guidance of two

leading investment banks, Goldman Sachs and Hambrecht & Quist, the Robert Mondavi Winery went public in June 1993, selling 3.7 million shares at $13.50 a share. With 15.8 million shares outstanding, the offering gave the winery a valuation of $213.3 million.

The bankers had protected the Mondavis' interests by creating two classes of stock, with voting shares reserved for the family, but they could not buffer the company from the stock market. Within days of the initial public offering, Mondavi shares fell to $8, and then to $6.50, before starting a long, slow climb back up. They have remained volatile, rising as high as $50 in early 1998 and falling into the low $20's when the winery ran low on Woodbridge chardonnay and missed analysts' earnings estimates. In early 1999, with Wall Street reacting favorably to the restructuring announced in January, Mondavi shares were trading at around $40.

But Michael Mondavi said he welcomes the scrutiny of the market because it brings a clarity to his role that he did not find in a family-owned business. "I love it, even with the stock at $22," he said. "The relationship that my father and I had, and my brother and sister, was much healthier when we had partners," he said. After buying out the Rainier stake, "we found we were making decisions in the business with emotion — and in the family, with business and finance — and it was really messed up because we couldn't separate what was business from family," he said.

"Going public forced us to focus on business decisions based on logic and strategy," Michael Mondavi said. "By separating the business decisions and management from the family, by having an outside board with a fiduciary responsibility to all shareholders… the decision-making process [becomes] much more focused," he said. "The family can now start acting again as a family, and the emotional decisions get made at a family level. The business is stronger, and the family is stronger."

Analysts say that the Mondavis have grown into their roles as managers of a publicly traded company and that Wall Street's growing confidence in them is reflected in the stock price's resurgence since the fall of 1998.

"I think they've clearly raised the bar internally, and they are certainly behaving more like a public company," said John O'Neill, an analyst with B.T. Alex Brown. "If you look at the investments the company is making, they're investing in the right areas to grow the business, as opposed to the fun areas." And there's an increased financial emphasis, he added, since Gregory M. Evans, the former chief financial officer, was named the chief operating officer in August 1998. Sales rose 5 percent last year, for the fiscal year ended June 30, to $325.2 million, and earnings were up 3 percent, to $29 million, from the year before.

Although the family initially resented the constant scrutiny of securities analysts, Michael Mondavi said the company has learned from Wall Street.

"We are focusing much more on our competition," he said. "When we were private, we didn't care. There were even certain times when you didn't want to make a lot of profit because if somebody died, the taxes would have been higher," he said. Now the winery focuses equally on maximizing three measures: the quality of its wine, its image and its financial results.

"We are very profitable and growing nicely," Michael Mondavi said. "But I am convinced the wine industry is only going to be more competitive in the next 10 years." SB

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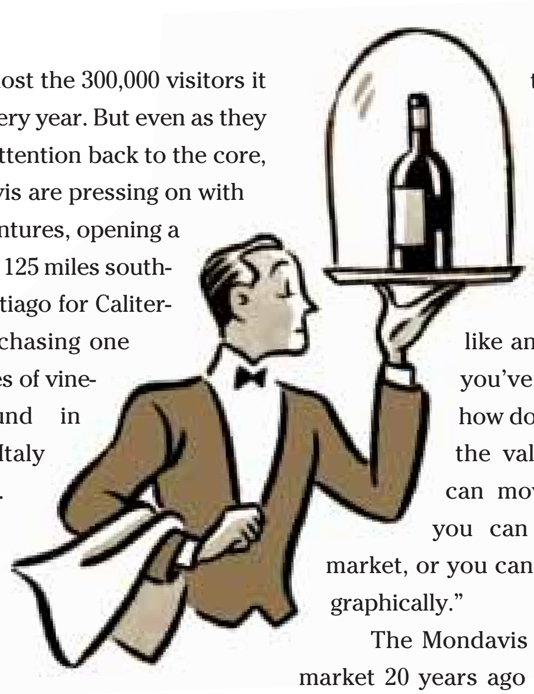
of being one of the world's great wine families and had neglected the core business.

"The low point came when Michael was in Chile unveiling the Errazuriz product the day Mondavi reported terrible results last year," said Tim Ramey, an analyst with Deutsche Morgan Grenfell. "I said, 'Michael, why aren't you home figuring out what the problem is?'"

The answer came in January when Michael Mondavi announced a major restructuring, including the elimination of 36 positions, or 4 percent of Robert Mondavi's work force; the centralization of support functions, including finance, logistics, purchasing and customer service; and the writeoff of the excess Vichon Mediterranean inventory. Without pulling back from its globalization strategy, the company had to refocus on its core brands, Mr. Mondavi said.

"We've grown very, very fast in the last five years, both in volume and in the number of brands we had," Mr. Mondavi said in January. "We realized we had so many new brands that were exciting, our people were focusing on them and not realizing that 90 percent of our business is still the Robert Mondavi Winery, Woodbridge and Robert Mondavi Coastal," he said. Coastal is a superpremium brand, in the $10 to $12 range, created in the mid-1990's to use grapes from California's northern and central coasts.

As part of the refocusing, the company has begun a $27 million upgrade of the original winery in Oakville, which was never designed to process the volume of wine it does now or to host the 300,000 visitors it receives every year. But even as they turn their attention back to the core, the Mondavis are pressing on with the joint ventures, opening a new winery 125 miles southwest of Santiago for Caliterra and purchasing one million acres of vineyard ground in northern Italy for Lucente.



THE IMPORTANCE OF IMAGE

Analysts say the jury will be out for some time on whether these ventures will succeed. "Some brands bring along with them a whole life-style chic and mood, but I think the Mondavi trademark is limited in that scope," said Tom Pirko, president of Bevmark Inc., a New York-based beverage industry consulting firm. "There are luxury brands that allow you to do all kinds of other things, but Mondavi doesn't seem to have that kind of transfer," he said. "They should stay home and make wine."

But David Newkirk, a senior vice president in the London office of Booz-Allen & Hamilton specializing in branded consumer products, said that the Mondavis' global moves are not so unusual and that success or failure will depend on execution.

"Mondavi is not doing anything that Coca-Cola and McDonald's have not tried to do," he said. "The question is what are their underlying brand values and how far can they take them without breaking them. For all of its mystique, the wine business is just like any other. Once you've built a brand, how do you maximize the value of it? You can move up-market, you can move down-market, or you can diversify geographically."

The Mondavis moved down-market 20 years ago with the wine that is now known as Woodbridge, their very successful entry in the market for varietal wines in 1.5-liter bottles. Consumers drink 125,000 bottles of Woodbridge chardonnay, cabernet, merlot or white zinfandel every day. But the combination of the phylloxera infestation and the resulting movement of Vichon to southern France presented some surprising opportunities to move up-market.

As the supply of grapes fell, production of the flagship Mondavi wines in the Napa Valley and the Carneros district dropped 20 percent, to about 400,000 cases, which had the natural effect of bolstering price. Then, as the replanted vineyards came back into production, with new viticultural practices prompting improvements in quality, the Mondavis made the strategic decision to increase wholesale prices. This had the effect of lifting the Napa wines out of the superpremium, circa-$10, category, where they had been battered by producers like Kendall-Jackson, which uses a less costly California appellation and broader grape sourcing.

"Eight years ago, I saw Robert Mondavi cabernet for $8.99; now our Napa Valley cabernet is allocated, and it's $25," said Martin Johnson, Mondavi's senior vice president for marketing. "Our Napa Valley Reserve is $70. The quality got better and better and it supported the repricing of these wines. What Robert Mondavi Winery stands for now is better defined," he said.

Critical to the definition of the Robert Mondavi Winery has been the growing separation of the Woodbridge brand, which has gone through a six-step reidentification over the past 20 years. Now, the Woodbridge name is in big print; the Mondavi brand affiliation is small.

"Woodbridge is very clear to people now," Mr. Johnson said. "It's a different place, a different wine, a different brand." Had they not taken pains to preserve the image of the core Robert Mondavi Winery, "we could have become Woodbridge," he said. "We talk about the 'image bank' and how we need to make more deposits than withdrawals. If you get into image deficit, I can't think of a brand that's come back," he said.

But if Woodbridge has to be kept separate, its sheer sales volumes open doors at distributors and retailers that might be closed to a smaller winery. "If you don't have a clout brand that a distributor has to pay attention to, it's hard to develop flanking brands," Mr. Johnson said. "If we didn't have Woodbridge, it would have been hard to build Caliterra. It would have been just another brand from Chile."

With Woodbridge at the low end, and Robert Mondavi moving higher, the company had a hole in the middle, which it filled with Robert Mondavi Coastal, now approaching a million cases. Over time, Coastal will get its own separate brand name as well, Michael Mondavi said. With Italian varietals like sangiovese and barbera being the fastest-growing category in high-end California wines, the Mondavis launched La Famiglia di Robert Mondavi, which then moved into the vacated Vichon winery in a Tuscany-like setting in the foothills of the Mayacamas Mountains above Oakville.

"The vast majority of the old Vichon Club members are now La Famiglia Club members," Michael Mondavi said. "And there is just one winery today in California dedicated to Italian varietals: La Famiglia."

With so many brands and such far-flung operations, the Mondavis' message could grow diffuse. One unifying force is the common goal of producing the best wine in each category, as recognized by consumers and the wine press. That recognition allows the Mondavis to charge a premium price in each category, which in turn allows them to reinvest in the kind of vineyard and winery practices that improve quality.

"We regard Woodbridge as as much a premium statement in its segment as the Robert Mondavi Winery is in its segment," said Mr. Evans, the chief operating officer. "From a business standpoint, you have to get higher margins to reinvest in the quality you're supplying. The leverage you get from a higher price is often greater than the incremental cost of making a higher-quality wine," he said. "Of course, it's tough to get the premium in the first place."

SCOUTING FOR OPPORTUNITIES TO ADD VALUE

The Mondavis are taking a bit of a breather right now, growing the joint ventures in Italy and Chile, rationalizing the French operation and giving some necessary attention to the core California brands. But they continue to scout for global opportunities — in Australia, New Zealand and Spain for the near term, and South Africa, Portugal and Argentina further out. "When we look at interesting wine regions, we look for places where we can add value," Mr. Evans said. "It's most effective in an area where there are already a lot of the ingredients in place but they haven't put it together and figured out how to market it in the U.S.," he said.

None of these programs will come to fruition rapidly, and there are sure to be missteps along the way. But Robert Mondavi is confident that many of their ventures will bear fruit.

"These things don't come about easily," Mr. Mondavi said. "To be able to repeat what you've done in one place, you need to find people who have their hearts and souls in wanting to excel. You have to find people who are completely open, completely honest and interested in the long pull," said. "By doing that, you become unique, different. You need patience,