

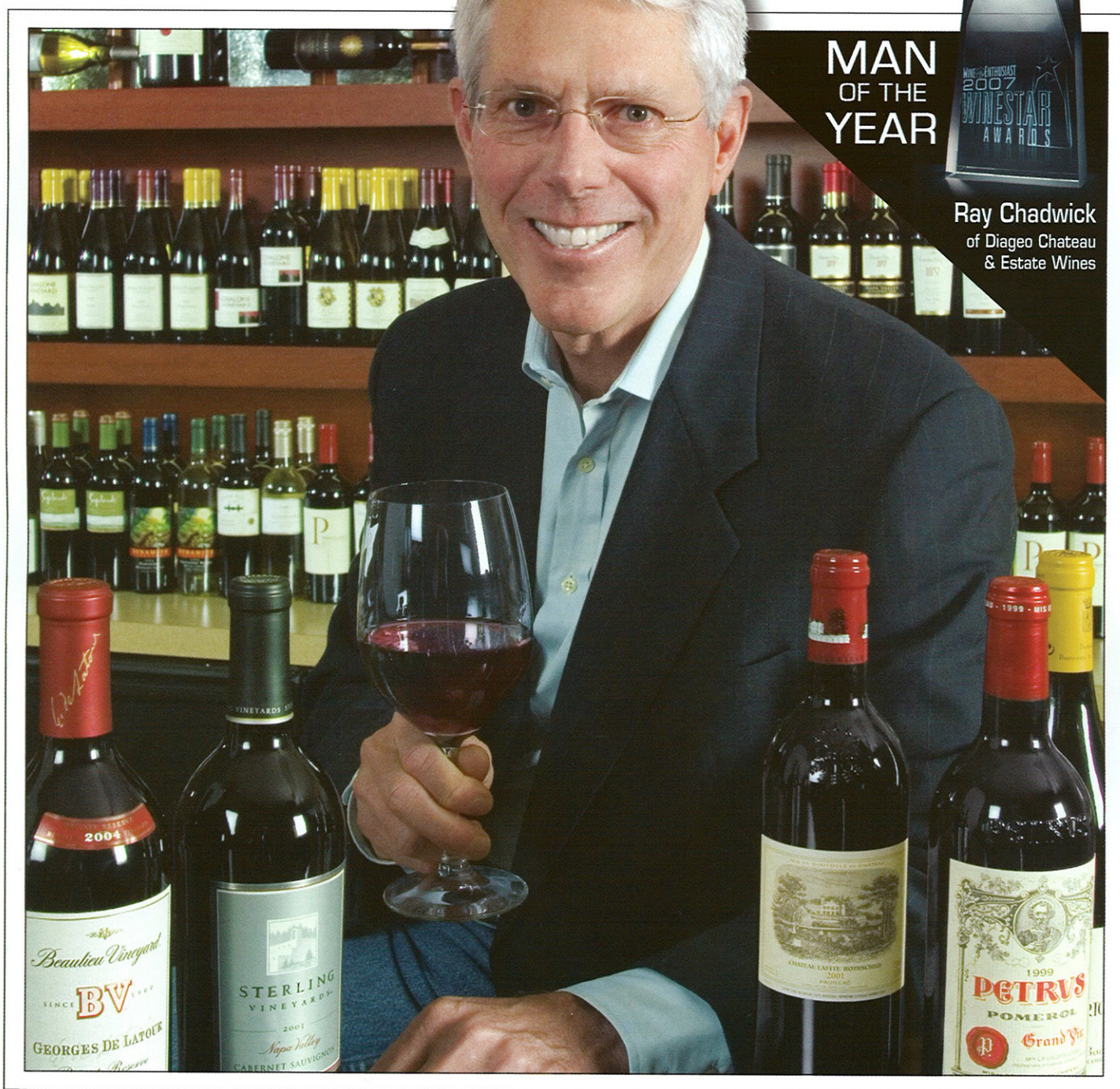
BORDEAUX'S SAINT-JULIEN ■ DESSERT WINES ■ RYE WHISKEY

SPECIAL ANNUAL AWARDS ISSUE

# WINE ENTHUSIAST<sup>®</sup>

DECEMBER 15, 2007

M A G A Z I N E



MAN  
OF THE  
YEAR



Ray Chadwick  
of Diageo Chateau  
& Estate Wines

**THE BEST IN THE BUSINESS**  
**THE 2007 WINE STAR AWARD WINNERS**  
**TOP WINERIES, WINEMAKER & MORE!**

USA \$4.95 • Can \$5.95 • UK £5.95  
14>  
0 09281 01101 9

[wineenthusiast.com/magazine](http://wineenthusiast.com/magazine)



# WINE ENTHUSIAST 2007 WINE STAR AWARDS

The editors of *Wine Enthusiast* are pleased to announce the winners of the 2007 Wine Star Awards. These are the wineries, winemakers, distillers, importers, executives and companies that have made great achievements in their fields in 2007.

To achieve in business, it is said, one needs to have a vision: a clear idea of where the company will be positioned in five, 10 or more years. Vision provides focus, it crystallizes goals and provides a roadmap so that the steps to that end become clear.

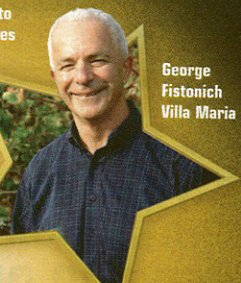
All well and good, except that business in the age of globalization and instantaneous communications is fast, turbulent and rough-and-tumble, and no business is more unpredictable than the wine and spirits industry. Here, leaders are at the mercy of Mother Nature as well as the usual suspects: consumer whim, the stock market, international laws and pure serendipity. Keeping an eye on those forces while in pursuit of a passion—often close to the hearts of everyone involved—is no small feat.

Sensible yet audacious, fixed yet flexible, passionate yet practical—the people you will meet on the following pages have the experience, determination and wit to reconcile these opposites and put them to work toward their vision.

We had a vision that our *Wine Enthusiast* Wine Star Awards would become the signature honor in the wine and spirits industry, and that vision has come to fruition. Our 10 recipients will be honored at a gala event in New York City in January of 2008.



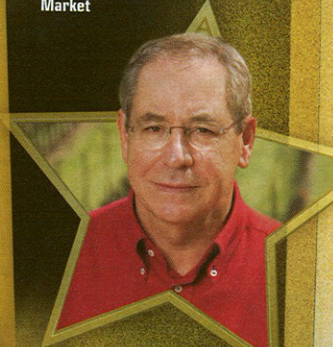
Chris Indelicato  
DFV Wines



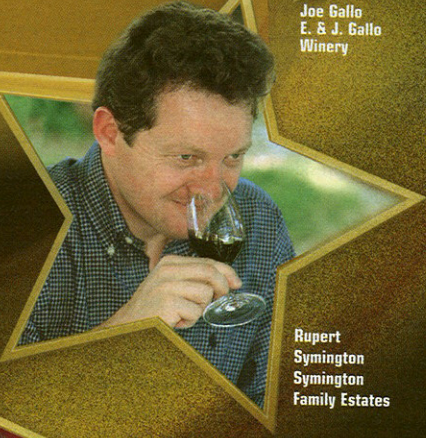
George Fistonich  
Villa Maria



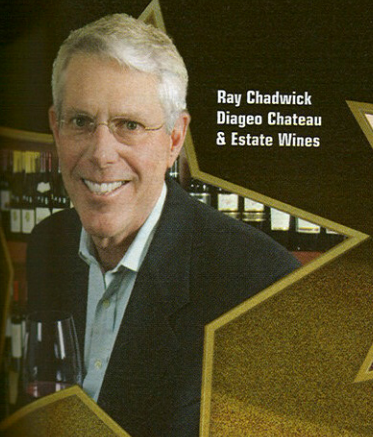
Whole Foods Market



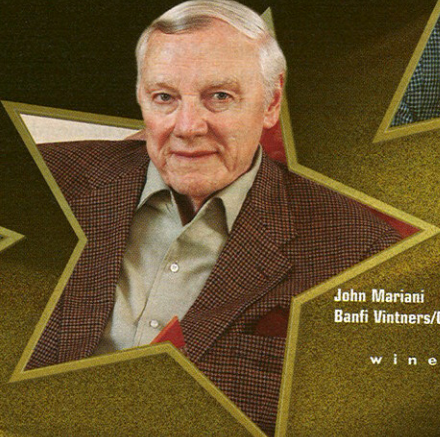
Joe Gallo  
E. & J. Gallo Winery



Rupert Symington  
Symington Family Estates



Ray Chadwick  
Diageo Chateau & Estate Wines



John Mariani  
Banfi Vintners/Castello Banfi





## AN EXECUTIVE WITH A VISION HAS TRANSFORMED THE NEW KID ON THE WINE-INDUSTRY BLOCK INTO A CONTENDER.

**W**hen Ray Chadwick took over the helm of the newly created Diageo Chateau & Estate Wines, the timing couldn't have been worse.

It was December 2001. There was an oversupply of domestic wine on the market, inexpensive Aussie bottlings were pouring into the U.S., and consumers were avoiding the poorly ranked 1998 vintage of California wine that was hitting the shelves. Beyond all that, the terrible events of September 11 just three months earlier continued to reverberate through America. The economy, as well as the stock market, was grinding down, and the national mood was depressed and anxious—decidedly not in a condition to drink (or buy) much wine.

Hardly the most auspicious circumstances to undertake something so massive as the absorption, by a young, aggressive company, of an old, successful one.

The young company was Diageo, which was born only in 1997 through the merger of beverage giants Guinness and Grand Metropolitan. The old company was Seagram, whose spirits-and-wine empire Diageo (with partner Pernod Ricard) purchased on December 21, 2001.

It was the story, told once again, of a spirits company buying into the wine industry—a tale replete with failure. Did anyone believe that London-based Diageo could succeed?

**C**hadwick had been a 27-year veteran of Seagram's, and was executive vice president and chief financial officer of the company's Chateau & Estate Wines division when the Diageo deal, which he helped negotiate, was struck. As such, he was a natural to take over when C&E transferred operations to the Diageo banner. His specialties—long-range and strategic planning, international sales and business development—were exactly what was needed to take the upstart, ambitious company and make it a player.

"That first year was very difficult, but we got through it," says the soft-spoken, studious Chadwick. Not one to blow his own horn, the 56-year-old gives all credit for the company's accomplishments over the last six years to his staff. Asked what has been his chief achievement, he doesn't miss a beat before replying: "First of all, I'm proud of our won-

derful team. They are so passionate about delivering business results."

But even the most passionate staff would be rudderless without a visionary leader to guide them, and that has been Chadwick's singular achievement: not only to protect, but to broaden and diversify the portfolio, and keep it moving forward. When he came in, C & E's main import focus in the U.S. was wine from Bordeaux, led by Barton & Guestier. Domestically, the company concentrated on its California properties, Sterling and Beaulieu Vineyard.

Both the French and American lines were not without problems, potential and real. Post-9/11, American per capita wine consumption slowed, and imports of French wines faltered. As for Sterling and Beaulieu, both were mature brands that faced the traditional challenges from consumers seeking novelty and chicness. It was not at all clear that Diageo Chateau & Estate Wines had a brilliant future.

**F**ast-forward to today, and the company has proven to be an amazing success. While Diageo's Bordeaux properties never really recovered in the U.S. (although they do well elsewhere), Chateau & Estate is now a domestic powerhouse. With annual (2007) depletions of 5 million cases at a retail value of \$1 billion, it's one of the 10 biggest U.S. wine companies.

As the inheritor of the Sterling and Beaulieu Vineyard brands, Chadwick has guided both wineries to new levels of excellence and esteem. He poured tens of millions of dollars into upgrading Sterling's production facilities; the Sterling Vintner's Collection—a line of varieties developed before the Chadwick era but revised and remarketed under him—took aim straight at the ultracompetitive \$10 segment without damaging Sterling's traditional Napa Valley line. Meanwhile, Beaulieu has vaulted from strength to strength, fueled not only by its traditional lineup, but innovative new lines, including the Signet collection and Century Cellars, in 1.5-liter bottles. (Beaulieu was recognized as *Wine Enthusiast's* Winery of the Year in 2000.)

If he had done nothing more than preserve and protect the import brands and usher Sterling and BV to new heights, Chadwick would be considered a success story. But he's hardly been content to rest on those laurels. In late 2004, he led Diageo's charge in outbidding a rival to purchase Chalone Wine Group, a collection of high-end West Coast wineries. Diageo's opponent in that deal? Domaines Barons de Rothschild, Constellation Brands and the Huneeus family of Chile—a formidable consortium. Eyebrows were raised when Diageo upped the ante to \$260 million and won; once again, Chadwick had proven his mastery of the takeover wars.

The Chalone acquisition proved to be a shrewd move, greatly expanding Chateau & Estate's portfolio not only in varieties, but in geography as well. Chalone, whose brands included Chalone Vineyard, Edna Valley Vineyard, Acacia, Canoe Ridge, Jade Mountain, Sage-lands, Echelon, Hewitt, Orogeny, Provenance and Dynamite, represented wine regions from Washington State down through Sonoma County and into the Central Coast. Not only did fears of a collision of



# RAY CHADWICK

overlapping brands prove illusory, but Chateau & Estate, by picking up notable Pinot Noir houses, gave itself the ability to be a player in the post-*Sideways* universe.

**P**rior to joining Seagram's in 1974, Chadwick received his B.A. and M.A. degrees at the University of Virginia and then went on to an M.B.A. at the University of Chicago. He studied in France for several years, including a year in Bordeaux under the auspices of the Fulbright program. Currently, Chadwick serves on the board of directors of the Wine Institute.

Strategic planning is perhaps his most obvious managerial trait. Peering into the future to discern emerging trends is no easy task; others, including the administrators of large wine companies, have been known to fail at it. Asked the secret of successful business planning,

**"We monitor trends. We get one million consumers in our tasting rooms, with an educated staff that really talks to them."**



Chadwick grows reflective. "We monitor trends," he replies. A strategic planner, he says, takes advantage of every possible clue to peer into the crystal ball. "You have your external radar up. Listen to consumers. When you put all our wineries together, we get one million consumers in our tasting rooms, with an educated staff that really talks to them. We also have strong relationships through the three-tiered system; certainly, we have the strongest strategic accounts team in the U.S."

What Chadwick & Co. foresee is reflected in Chateau & Estate's latest ventures. Over the last two years, they've launched six new products in four countries, including Archetype, a \$10–15 Australian Old Vine Shiraz; New Harbor, a Marlborough (New Zealand) Sauvignon Blanc; Bistro, a French Pinot Noir, Cabernet Sauvignon and Chardonnay; and the two newest products, Galini del Notte, a Pinot Grigio from Venezia, and a coastal Riesling from venerable Beaulieu.

Also, Beaulieu is building a new \$7 million winery solely devoted to production of its flagship wine, Georges de Latour Private Reserve Cabernet Sauvignon.

Looking forward, Chadwick is comfortable and optimistic, even in the midst of the most competitive times the wine industry has ever witnessed. "We're predicting continued strong growth in the wine business. Premium domestic wine, which is the largest chunk of our business, will continue to grow," he asserts. Asked what he would do if he had a magic wand and could change one thing about the industry, Chadwick laughs. "Oh boy! I guess it would be for more and more consumers to discover wine and appreciate it in moderation—in other words, to keep it all going the way it's going." Knowing Diageo Chateau & Estate and Ray Chadwick, *Wine Enthusiast's* Man of the Year, that's likely to be exactly what happens.

—STEVE HEIMOFF

PHOTO: MIU WICKHAM