



BARREL HOUSE
Véronique,
Philippe,
Laurent,
Robert, and
Frédéric
Drouhin

A Fine Nose for The Family Business

The fourth generation of Drouhin vintners is as devoted to its Burgundies as was the first

BY ERIC SCHINE

YOU'D THINK FAMILY succession would be a nonissue in the rolling vineyards and medieval villages of Burgundy, where some of France's most renowned wines are made. But a fast-globalizing wine industry, combined with laws that make it difficult for local vineyards to expand, have forced many of the region's major players to sell to outsiders in recent years.

One that weathered the storm is Beaune-based Maison Joseph Drouhin, which, despite a financial crisis in the early 1990s followed by a decade under outside owners, is a study in family cohesion. Founded in 1880, the fourth-generation vineyard has grown into one of

Burgundy's largest and most prestigious winemakers. The founder's grandson, Robert, 73, has been stepping aside to put all four of his children into key posts. "Tradition, education, and sustaining the family enterprise are to me the most important values," says Drouhin.

That may sound conservative, but Drouhin's faith that his children would one day inherit and operate the winery has made it one of the most innovative in the region. The business has grown in such a way that each sibling has been able to pursue his or her own area of expertise. In 1987, Drouhin spent \$8 million to develop a 166-acre vineyard in Oregon, and two years later his only daughter, Véronique, began building her career there as a wine-

maker. Now 44, Véronique runs the Oregon operation. In 1988, wanting to better promote his own wine and other burgundies, Drouhin bought his U.S. distributor, Dreyfus, Ashby & Co., eventually putting his son Laurent, 40, in charge of sales. The oldest son, Philippe, 45, turned down his dad's offer to oversee the business in Burgundy, preferring instead to tend the vines. The CEO post is held by youngest brother Frédéric, 38. The combined operations have grown to 116 employees and annual sales of about \$37 million.

Robert Drouhin wasted no time initiating his children into the business. Véronique got her first taste as a newborn when her parents celebrated her birth by opening a famous 1856 Musigny and placing a drop on her tiny tongue. As the four kids grew up, home life, wine, and history intermingled. A network of 13th century cellars built by Benedictine monks stretches beneath the family house, the Drouhin offices, and the streets of Beaune. There the Drouhin clan played hide-and-seek and raced around with their schoolmates on roller skates. As they got older, dinner conversation invariably turned to wine. There were long and, they recall, sometimes very dull discussions comparing, say, the disappointing vintage of 1976 with that of 1937. Wine tasting was a daily ritual from the age of 14. "Our father would go around

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the table," says Frédéric. "He would ask, 'Is this a Cote de Beaune or a Cote de Nuits?' Then he'd ask each of us to describe what we tasted."

GOING ORGANIC

AS THE DROUHIN children learned the family traditions, the world was changing. Competition grew as large vineyards in Bordeaux, California, Chile, and elsewhere began producing high volumes of inexpensive, high-quality wines. Yet even as Burgundies were falling out of favor, the Drouhins worked to resurrect Burgundy's mystique. Philippe adopted organic methods of viticulture. Owning its distribution company gave the family a powerful tool for marketing their vision of *terroir*—a wine's connection to the land it's grown on. And the Oregon vineyard gave them room to grow beyond the cramped confines of Burgundy.

Initially, however, the expansion backfired. A global recession and changing consumer tastes had the banks at the Drouhins' door by the early 1990s. The only way out was for the family to sell a 51% stake to Snow Brand Milk Products Ltd., a Japanese beverage conglomerate. "It was a sad time for the family, but we learned a lot about financial discipline," says Laurent.

By 2004, the Drouhins' emphasis on *terroir* was paying off. The family was able to buy back control, and today it owns a 66% stake. The business works something like this: draw in younger wine drinkers with inexpensive bottles, educate them to the earthy and complex pleasures of Burgundy, then introduce them to pricier, high-margin bottles. Drouhin's offerings range from a \$12 bottle of pinot noir to a \$350 Montrachet Marquis de Laguiche. One of its best sellers is Vero, a \$20 blend of Burgundies designed specifically for the U.S. market. "They've done a great job making Burgundy accessible to American tastes," says David DeBenedictis, a wine consultant and vineyard tour operator based in Boca Raton, Fla.

To get the message across, Laurent, based in New York, crisscrosses the U.S. holding wine-tasting dinners for the trade and collectors. He also spends a lot of time making sure Drouhin stays represented on the wine lists of such restaurants as L'ê Bernardin and The Four Seasons in New York. He sees the family as selling not just wine but Burgundy itself: "We are in the *terroir* business," he says. With wine drinking ever more popular and the ranks of the global affluent swelling, that's not a bad place to be. 