

HD Students raise a glass to the business of wine

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WC 777 words

PD 26 October 2014

ET 23:41

SN Financial Times (FT.Com)

SC FTCOM

LA English

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A glass of wine is a way to relax after a day's studying for many MBA students. But at Sonoma State University, whose Napa Valley campus is nestled amid the vineyards north of San Francisco, the business of producing the fermented grape is a growing opportunity for executive training.

Sonoma is one of a handful of business schools around the world to offer specialist wine industry MBAs. Other programmes are run in France, Germany and Australia.

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Such has been the demand for these courses at Sonoma that the business school is to run a new executive MBA programme from its main campus and expand its wine industry research operation. The plan is to build upon Sonoma's existing Napa Valley-based wine MBA programme, creating places for an additional 100 students.

Sonoma is creating a wine institute building with classrooms that are designed for more flexible learning and video conferencing with experts around the world. It is looking to appoint a wine business chair and to fund more research into the changing shape of the global wine industry.

Demand for executive training is being driven by growth in wine production, especially in Asian markets, according to John Stayton, executive director of graduate programmes at Sonoma. "Over the last 20 years the wine industry has become increasingly global and increasingly complex," he says.

China is the fastest growing market for wine consumption and the sixth largest wine producer, according to International Wine and Spirits Research. It estimated that 2.2bn bottles of wine were **sold** in **China** in 2013, making it the fifth-largest wine market by sales and the largest market for red wine.

Sonoma's aim, says Mr Stayton, is "to become the global wine business programme". Its existing wine MBA programme has attracted students from Chile, **China** and Argentina, Mr Stayton notes. They work with Kokomo Winery and Timber Crest Farms to learn how to market and sell wine. The hope is that the new programme will attract more students from outside the US.

Among those who have taken up the wine MBA programme at Sonoma is Christian Ahlmann, whose parents own the Six Sigma winery in California. Mr Ahlmann was keen to follow in his parents' footsteps but his first instinct was not to get an MBA but a bachelors degree in agriculture. "I figured, it's about learning to grow things. That was obviously a true assumption, but growing plants is only half of the game."

While he mastered the production of the grape, he found himself woefully short on **commercial** knowledge. He resorted to ploughing through business books to communicate with his accountant and to understand best practices on human resources and marketing.

"Soon I realised that an MBA would give me a serious competitive advantage in the wine industry," he says.

Sonoma's focus on the wine industry is a big deal, Mr Ahlmann notes, because the market has some unique aspects. For example, wine producers only receive stock once a year, so it is no use if the sales

team exceeds expectations because doing so will only mean a **company** runs out of inventory before the next vintage is ready.

"I got a real appreciation for the value of financial statements and how to interpret them," adds Mr Ahlmann. "It was like being handed the rule book on a game and the MBA programme was able to decode it."

After completing the financial statement class, Mr Ahlmann replaced his **company**'s accountancy **firm**.

"I found that I communicated much better with them," [the new **firm**], he says. "We have become considerably more profitable since I learnt the value and application of numbers."

A big selling point of Sonoma to Mr Ahlmann, apart from its relative proximity to his family's winery, was the fact that it incorporates several instructors from nearby Silicon Valley. Although Mr Ahlmann's family has been running Six Sigma's 4,000-acre **estate** since 2000, he claims the business is still in "start-up" mode.

He also liked the way that the teaching staff used real-world examples. One professor, a consultant to Napa Valley wineries, presented the students with a handful of his own consulting jobs. The students then solved these case studies and presented their findings to the proprietors, with supervision from the professor.

"Another professor scratched out the names on an \$800m acquisition his **company** was considering, presented the details to the class and led us through a lively debate evaluating the pros and cons of making the deal," Mr Ahlmann recalls. "It doesn't get more real than that."

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AN Document FTCOM00020141026eaaq000jj