COMPANY PROFILE

THE PEOPLE BUSINESS

When Martin Krajewski bought Châteaux de Sours in Bordeaux, he intended to fix it up and sell it on. But, he tells Felicity Carter, he fell in love with the property and found he couldn't leave. This meant trying to revitalise a distressed brand in a highly competitive market.

Martin Krajewski

The story is a familiar one: British millionaire buys château in France, hoping to spend his twilight years enjoying the vineyards. Millionaire then swiftly discovers the château is a money pit, and the wines are impossible to sell.

Except at Château de Sours in the Entre Deux Mers region of Bordeaux. Former headhunter Martin Krajewski invested in it in 1996, and then bought it outright in 2004. What he got for his money were derelict buildings and a beautiful, if uninhabitable house, with rotten floorboards and a ceiling slowly descending towards the floor. The vineyards were just as bad.

But Château de Sours had one thing going for it: a well-known rosé, made famous by praise from influential UK critics such as Auberon Waugh. The wine came with good UK distribution and an unusually high retail price – £8.00-10.00 ($12.50-15.60). Crucially, nobody else had managed to displace it as the quintessential Bordeaux rosé. From those beginnings, Krajewski has built a portfolio of respected wines, sold in 25 countries.

Renewal

Today, the château offers spacious entertainment areas, accommodation with rustic charm, and walls covered in artwork. The winery and barrel hall have been rebuilt, the vineyards replanted and equipment upgraded, and the labels redesigned several times. Production is now up to 650,000 bottles. And Krajewski is still firmly ensconsed in the property, although his original intention was to renovate and sell. "Originally we were going to secure it and renovate it and put it in a condition where the next person would come in and do the colours and soft furnishing, but over time we went a little bit further and a little bit further," says Krajewski. Two and a half years had passed and he realised he couldn't leave.

Costs were steep: refurbishing the winery was €5m. Then there was the cost of buying more land and getting planting rights, to bring it to 50ha of vineyards, leasing another 35ha. Krajewski faced another, perhaps bigger, problem; the wines, other than the rosé, had a poor reputation. "It was a question of making people listen, to understand there was a new story," says Krajewski. "We were doing things in a different way, but it needed time."

The first red vintage, the 2003, was good enough to be going on with, but it was the rosé that saved the day. "I sacrificed a great deal of red production to produce rosé, because that's what we could sell," says Krajewski, who raised production from 4,000 cases in 2003 to 8,000 cases in 2004. "From a business perspective it's a cash crop, because you're picking in September and it's on the market from January, unlike the red, which will sit in tank and barrel for 16 to 18 months."

That period was the start of the rosé revolution, so the timing was good. But, of course, Krajewski wanted to sell red and white wine as well. Fortunately, he had a stroke of luck – the 2005 vintage. "It didn't matter what you did in the vineyard, because it was such a wonderful year," says Krajewski. "By then we'd convinced one or two people that the wines were worth buying and the press started to get behind what we were doing." He says that although 2006 was a difficult year and 2007 was worse, both vintages proved advantageous, because they "allowed us to demonstrate that even in poor vintages we could produce good wine".

Today, if capital expenditure is stripped out, Krajewski says the château has been breaking even since 2008, even though "the investment since 2008 has been substantial. It will take a long time to recover all of those costs." He says he now looks at them in a different way. "The buildings, the land, the vines are assets and have a very long life," he says. "The vines won't need to be replanted for 40 or 50 years, so that's done. The new winery will be good for 25 years as long as we maintain everything properly."

The lesson so far is that deep pockets, coupled with an existing distribution deal, can work wonders. But talk to people who do business with him, and it seems that Krajewski is in possession of another great asset – his ability to build relationships.

Personality counts

Starting out with Drake Recruitment in 1977, Krajewski went on to found his own recruitment company. When he sold the Blomfield Group in 2007, its annual turnover was £100m. Krajewski's career was a stellar one: he was the first to negotiate a £1m salary for a woman in London and he won a prestigious award for his pioneering work in corporate social responsibility. Recruitment is, above all, a people business, and his relationship skills have stood him in good stead in the wine trade.

Emma Dawson, the wine buyer for Marks & Spencer online says it's normally difficult for someone to bring out a new product – such as Château de Sours' new sparkling rosé – and expect to get into a major retailer, adding that most of the approaches people use don't work: "Unsolicited approaches, people sending invitations on LinkedIn without people knowing you, that sort of thing. It doesn't work. You need to build your brand slowly." But Krajewski's strategy of being visible at fairs and events works well. "He's got an old-fashioned, face-to-face business style," she says. "It's very unusual for us to work directly with a person who owns a château who has such a hands-on way of working." She explains that such people tend to surround themselves with consultants who take care of everything. "He's always there, at every fair, on the stall with his winemakers. That gives us the impression of how much they care."

Bruce Tyrrell, of Tyrrell's Wines, Château de Sours' Australian distributor, says that Krajewski's success is a combination of things, starting with a good wine that offers value for money and excellent packaging. "We can't get enough of the Bordeaux red – people are falling all over it," he says. "When you enter a new market, one of the things that helps is to be seen to be good value, whether the wine is $50.00 or $500.00." Krajewski can also spot opportunity. "One of the local caterers here catered for eight weddings, and when we showed Martin the sparkling rosé, his eyes turned round like a cash register," Tyrrell recalls. "Now he's got a French sparkling rosé on his register and it's cheaper by $10.00 than Champagne and people look at it and go 'wow, that's great value'." He agrees that likeability is a big factor. "If he's in a room, people are attracted to him," says Tyrrell. "If he's been out with my sales people, he follows up. I'm sitting here twirling a Mont Blanc fountain pen and every time I write something, I think about Martin." He pauses. "That's a horrible thought, isn't it?"

Andrew Caillard MW, the fine wine principal of Woolworths in Australia, says Krajewski is "such a charming man. He's the kind of guy who would help anybody."

But Bordeaux has many charming men, not all of whom can sell their Entres Deux Mers red wine. "There is a lot of very poor wine being made in Bordeaux," agrees Caillard. "Very few have the richness and volume that are expected of modern contemporary wines." He says it comes down to investment in the vineyards, and too many producers in the region are resting on the claim that they have terroir. "Winemaking technology is essential, even at the low end." Caillard also suggests that Krajewski bypassing the closed world of the negociant was a big help. "Negociants have far too many brands," he says. "How many can they sell at exactly the same price?"

Krajewski himself says that nothing beats pounding the pavement if you want to sell wine. "From my days in the City, I know that marketing and PR is one of your most valuable assets, and that creates interest, reputation and loyalty." He says he runs the château on a transparent basis, and invites people to come and see how things are done.

He also spends considerable time on branding, packaging, reaching out to journalists and updating the website. Then there's the travelling, as he spends time in each of his markets, as well as at the major fairs. "You have to be in front of people. And don't try and sell them what they don't want – if they only want one wine, give it to them." He adds, "The small guys are just as important as the big ones. They might lead to an opportunity that you've never seen."

The reality

Today, production is 40% rosé, with 40% red, 5% white and 15% sparkling. The target is 850,000 bottles by 2013; according to the Financial Times, the business broke even two years ago and expects to be profitable this year.

And now Krajewski's children are getting involved. His daughter Charlotte is studying winemaking at Plumpton College, to which he recently donated £75,000.00, while son Matthew studies oenology at Bordeaux University.


Chateau de Sours

Krajewski is also busy with Clos Cantenac in St-Émillion, which he's co-owned since 2007. The difference between the two properties is instructive; even at a high retail price and good distribution, Château de Sours needs to sell around 45,000 cases per year to break even. But the substantially higher prices commanded by St-Émilion allowed Krajewski to break even in his first vintage and make money within three years.

There is no getting away from the old rules: if you want to make a small fortune in wine, start with a big one. Buy the best terroir possible. Make quality wine. But for those who want to pursue their dreams come what may, the Krajewski story offers other pointers. Product innovation, such as creating a sparkling wine in a region known for still, can work. Pound the pavement. And, above all, build good relationships. ■