



# Wine and Dine

One of the 12 'First Families of Wine' in Australia, Yalumba is continuing to invest for growth as the wine industry changes and evolves.

Images courtesy of Yalumba

"Culture is what you do every day in your working life, and we are evolving our culture while respecting our heritage."

- Nick Waterman

Yalumba is the oldest family-owned winery in Australia, and prides itself on the history and culture that is associated with its brand. Managing Director Nick Waterman has been with the company for 12 years, and is the first non-family member to be appointed to the position.

Located in the Barossa Valley, the winery was founded in 1849 by British immigrant Samuel Smith, who named the property after the local Indigenous word for 'land all around'. Yalumba is still family owned, with the fifth generation of Smiths now running the winery. It's been their hard work, Nick says, that has made his job so much easier. "Robert Hill-Smith was the previous CEO, current owner, and now chairman," Nick says, "and he has done a fantastic job over 30 years to position this business in such a way that it's on a fairly strong and solid footing"

Nick came to Yalumba in 2003 after two decades in the technology industry. His background meant that he was

well equipped to deal with change, something the wine industry had not embraced since the downturn in 2008. "I had 18 years in technology before I joined the wine industry 12 years ago. Those 18 years, where it was all about living with an unbelievable amount of change, have equipped me well to deal with what arguably is a fundamental structural change in the wine industry on a global basis. The past 12 years working for Yalumba have given me the time to get my head around and understand not only the industry and our business but also the culture of this company, which is fairly sacrosanct."

The culture at Yalumba is, Nick says, a result of the family ownership and the close ties employees feel they have with the company. "Many of the winery's workers have been with us for a good number of years, making everyone feel like family. I tell everybody here that the culture is a living thing. Sometimes people tend to defer to culture as if it is innate and outside of their control. Culture is what you do every day in your working life, and we are

evolving our culture while respecting our heritage.

"The culture here is very much egalitarian; everybody participates. We are not overly hierarchical in the way we run the business; we encourage people to speak up and think for themselves, and we really treat the business as a team of people rather than as a group of leaders. So while there are leaders in the business, everyone is encouraged to lead in their own right even if they don't have people reporting to them.

"A lot of the employees here have quite long tenure, indicative we hope that they work here because they enjoy it. Not that I would suggest that people in other companies don't enjoy what they do, but in public companies there is certainly evidence of behaviour which is driven by shorter-term objectives such as bonuses, share price results, and appeasing market analysts. We absolutely have to be accountable to our shareholders, of which we have only two; nevertheless, we can do that by saying where do we want to be in five years time rather than >



As featured in  
*The CEO Magazine*  
For more info visit  
[theceomagazine.com](http://theceomagazine.com)





“As a winery, we have pursued a diversification strategy which maybe a lot of our competitors haven’t done as successfully.”

- Nick Waterman

where we don’t want to be in 12 months time.”

This relationship that Yalumba has with its staff is mirrored by the relationships that Yalumba has with its suppliers. The suppliers, Nick says, are mostly family-owned companies that the winery works very closely with. “Most of the partners that we have are family owned, whether they be on the supply side or on the sales side of the business referring to partnerships with wineries for which we distribute in numerous markets. I think that says a lot for the fact that we are like-minded organisations. That really is an important consideration. Whenever we get into discussions with potential partners, we have to be confident that they have similar values to us and that they understand the long-term nature of the industry; that typically works really well for us.”

Nick says that the other main factor that sets Yalumba apart is

the respect it has for the environment and its understanding of agriculture. “We are a business that respects the fact that we are in an agricultural industry; we recognise that seasons are high and low. You have to view it from a five- to 10-year horizon rather than a one- to two-year horizon, and fundamentally that’s probably the major difference between Yalumba and some of its major competitors. As a winery, we have pursued a diversification strategy which maybe a lot of our competitors haven’t done as successfully. We are by default a Barossa Valley winery, but we have vineyards and brands of our own that come from New Zealand, Tasmania, the Coonawarra, King Valley in Victoria, and Adelaide Hills. In addition, we have revenue streams from numerous other related entities such as the Yalumba Nursery, which propagates and sells vines.”

The future for Yalumba looks bright, but Nick says that the

industry is changing significantly. Wine consumption habits and tastes are evolving and the market is diverging into two streams, with many wineries choosing to focus on one or the other. Since for a long time the industry had not experienced this kind and rate of change, some wineries are ill equipped to deal with it.

“One being the commercial, fast-moving consumer goods end which is almost, dare I say it, not dissimilar to how you might manage a business if you were selling soup or baked beans. At the other end, there is premium, which is strong but relatively modest in size. The middle ground between these polarities has disappeared to a certain extent. I think a lot of wine companies will pursue one or the other of those streams. We by default need to play in both areas. However, it’s been a challenge for us to understand what we need to do to resource the business, and what processes, procedures, and strategies we need to put in place



to participate in both of these fairly divergent segments.”

Yalumba’s strategy is to look past the immediate, short-term issues and plan for the future. With Nick’s experience in the fast-changing technology sector, as well as the company’s dedicated staff and enviable culture, the winery is well positioned to succeed. “The

strategy really is saying: Let’s look five to 10 years out. Where do we want this business to be, which is fairly clear to all of us here, and then how do we get there? From that point of view, we will definitely see companies come and go around us, both private and public, but we firmly believe the future for Yalumba as a business is very bright.”

Nick says he feels honoured to have been appointed to the position he is in now, and considers himself fortunate to have the opportunity to make a contribution. “It’s one of the best wine jobs in the business in Australia, I would think, so that’s a highlight in itself. I take the reins from Robert, arguably the most successful leader in Yalumba’s history, and a fifth generation of founder Samuel Smith. I hope in my time I continue to evolve the business, make it more robust and contemporary, then pass it in great shape to the sixth generation at an appropriate future juncture.”

As for his wine recommendations, Nick has two favourite drops that Yalumba produces: a Cabernet Shiraz and a Pinot Noir. “My favourite for the Yalumba brand would be the Yalumba FDR1A Cabernet Shiraz, and another brand that we produce out of Tasmania, which is my absolute favourite, is Dalrymple Pinot Noir.” •



## Cheers to five generations Yalumba!

As an agribusiness bank, we’re committed to the growth of rural communities and businesses. We’ve been supporting Yalumba through their journey and are extremely proud of their achievements.

Our exclusive focus on agribusiness is why we are one of Australia’s largest rural lenders.

**Rabobank. One focus.**

Call us on 1300 30 30 33 or visit [www.rabobank.com.au](http://www.rabobank.com.au)



**Rabobank**

# CONGRATULATIONS YALUMBA

THE TEAM AT ANZ WOULD LIKE TO CONGRATULATE YALUMBA ON OVER 160 YEARS OF OUTSTANDING CONTRIBUTION TO THE WINE INDUSTRY.

As proud partners of Yalumba since 1895, we understand that success means commitment, teamwork and vision. The very same thing we strive for everyday in our business relationships. If this is the kind of relationship your business is looking for, contact an ANZ Business Banker today. Visit [businessadvice.anz.com](http://businessadvice.anz.com)

[businessadvice.anz.com](http://businessadvice.anz.com)

Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522.  
Item No. 92074 07.2015 W448860

YOUR WORLD  
YOUR WAY **ANZ**

