



UNIFYING TRADITION AND INNOVATION

AN INTERVIEW WITH ALLEGRA ANTINORI, VICE-PRESIDENT OF ANTINORI

Interview conducted with Armin Rainer

Founded in 1385, Antinori today is run by the family descendants of the 26th generation and the 27th is ready in the starting blocks. The family business has an impressive history and many stories to tell. Allegra Antinori gives us interesting insights of how the company has become what it is today: the embodiment of Italy's passion for wine.

Dear Mrs. Antinori, you are running your family business together with your sisters Albiera and Alessia already in the 26th generation. That is a very impressive age for a family business and a great example for one of the key characteristics of successful family businesses: longevity. How have you and your sisters been introduced to the business and the family traditions? Which are the family's principles and guidelines related to the administration and management of the company shaped and passed on for generations?

The first Antinori who produced wine, Giovanni di Piero Antinori, started in 1385, when he registered his craft in the association of winemakers in Florence. Since then the business was passed on for generations. Starting with the generation of my great-grandfathers and my grandfather the business was getting more structured. The production was moved to San Casciano in Val di Pesa and they started trying to produce new wines. For example, my great-grandfather liked French champagne so much that he hired a French champagne expert to produce Italian sparkling wine. Then, when my father Piero took over the business it changed completely. At this time, it was usual that the businessmen and owners of the land gave the territories to farmers who cultivated the grapes. In the 60s of the last

century this system changed, so the owner families needed to decide whether to invest in new forms of cultivation or use the territory for other purposes. Before, the agricultural cultivation of the territory was practiced in traditional ways without any concept of efficiency. Also my father Piero had to decide whether to invest or quit. He would also have had other opportunities, because during those days our family was running other small businesses too. But my father decided to continue the winegrowing evolving into a modern, professional winery. He set the course for where we are today. My father took 3 crucial decisions that determined the company's future success.

- 1) He developed a new concept for a modern, professional company.
- 2) After his brother's decision to leave the company, his shares were sold to an English listed group who invested a lot in growth. During that period, my father was focused completely on the production. He developed new wines of highest quality and gave a major contribution to the development of the "Super Tuscans" category thanks to Tignanello.
- 3) In the 80s, 90s and the first years after 2000, we believed and invested in vineyards



in Tuscany and other highly vocationed wine areas in Italy. And even more importantly, in the early 90s my father was able to re-buy 100% of the company shares. So, finally, Antinori was 100% in the possession of our family again.

The 90s were also the years when I and my two sisters Albiera and Alessia entered the business, which at the time was run by my father and his right-hand Renzo Cotarella, who today is the company's Chief winemaker and CEO. We three sisters entered at the age of 18. We were working in every section of the company and learned our profession and developed our skills by doing. This was very important because we got to know every little spot of our company and were able to understand the dynamics of our business. Today every one of us is responsible for an area of the company and we have institutional and representative tasks as well. From the beginning we travelled a lot all around the world to promote and represent our family business and our wines.

As already mentioned, during the last three decades, we invested in different vocationed wine areas in Italy. Each estate has its own identity, which creates an additional benefit for our wines. Today in Italy we have 14 estates, each single one with their individual structure and in total 448 employees.

Another highlight was the inauguration of our new winery and headquarter Antinori nel Chianti Classico in San Casciano in Val di Pesa in 2012. The new winery is open for public visitors and is part of our branding strategy to increase the awareness of the name Antinori. So far we have been known particularly for our wine brands like Solaia or Tignanello.

To summarize, the passion for wine is part of our family's DNA. The long history and

achievements of our ancestors fill us with proud, motivation and responsibility. Furthermore, we are aware that our father has suffered to bring the company to where it is today. It has taught us that suffering brings passion. Those are the things that we as family members carry on our shoulders. And we do it with joy.

An important principle of most successful family businesses is that the survival of the company is more important than the personal wealth. This means that the members of the entrepreneurial family often must forego financial compensations for the well-being of the company. Do you agree with that principle? Which financial principles do you follow in your corporate management?

It is very important for us to constantly strengthen the financial solidity of our company. That is why we do not distribute dividends, but leave our profits in the company. The family members are always at the service of the company, personal wealth is secondary. The most important principle for us is to support the long-term survival of our family business. To guarantee longevity of our company for our descendants, we established a family trust. After many discussions within the family it seemed the best solution for my father, my sisters and me. In this way we prevent the company from being financially extracted and furthermore we avoid conflicts within the family. The beneficiary of the trust today is my father Piero. Beneficiaries of the coming generations should always be family members working in the company. It is our wish that our family is always present in our business.



Has the company ever had the risk of failing?

Not in the last two generations. There were many difficult times and periods when my father and grandfathers were thinking about quitting. One of those difficult moments was when my uncle decided to leave the family business and my father couldn't afford to buy his shares out. That was when an external shareholder entered our company. So, I can say that we had several periods of anxiety and difficulties and my father had to take many risks, especially when he created new wines. But also, during those times, the company has always been healthy and solid. And of course, we often had the luck of the brave and the bold.

Theoretically a long-lasting company that is operating successfully on the market for several decades and centuries, like Antinori, is able to set up a considerable fortune in terms of financial assets but also property of land and real estate. Would you define your property of land and real estate a success factor for long-term survival?

Our land territories are essential for us, considering the fact that our one and only product is wine. If you're able to cultivate a good wine, you increase the value of the land. Our lands are an asset to us. Our real estate properties are not strategic for us, apart from our new headquarter of course. We invested in many wine regions in Italy and other parts of the world, for example in Chile, Napa Valley and Washington State in the U.S., Malta or Hungary. Most investments were born from occasional circumstances which have been favorable to us. But we don't want to run too many wineries outside of Italy, because it is very complicated to manage the different requirements.

The family Antinori has always determined significantly the strategic direction of the company. The operative business is managed by a CEO who is not a family member. What experiences have you made with external management?

Everything depends on the people. My father has been lucky to find a person like our current CEO Renzo Cotarella, who has developed the business together with him for the last decades and is a part of the family for us. My father, my sisters and I are members of the executive board and take the strategic decisions together with our CEO. Especially my father is still very present when it comes to decide about new products. Besides our roles in the executive board and our institutional tasks, my sisters and I are operatively responsible for different areas and work together with a team of both internal and external managers. The key is to find the right people who fit our corporate culture and our family values. To answer your question, so far we have made very good experiences with external management. One of the crucial issues for the next years will be to plan the succession of our CEO. We will have to evaluate if one of our children will be qualified for this challenging position or if it will be again an external person.

How do you regulate the succession?

Competence is more important than being a family member. Family members who want to have management roles must be fit and prepared for their task. A family member who aims to be CEO must fulfill the following conditions:

- A final study degree,
- worked successfully somewhere else,
- accepted as CEO from cousins, management and trustees.



The successors who are considered for management positions are being followed and evaluated for years before the family and trustees take a decision about their future position. One of our principles is that every family member gets financial benefits, but those working in the company get higher benefits.

When a family business exists for generations it must face both a growing organizational structure and a growing family. This normally means that the ownership structure splinters between the different families and family tribes and their descendants. How do you manage your family in this matter? Has this ever been a potential conflict spot within the family?

For that purpose, we created a trust which is technically the owner of the company. And so far, it seems to work. We've had intense discussions about setting up the trust but in the end every one of us was convinced that it is the best solution for the financial stability of the company and the harmony within the family. The Antinori trust is a technical solution to guarantee the long-term survival of the company, but the emotional possession of the company will always be ours.

To conclude, what are your tips and advice for other family businesses and entrepreneurial families who are aiming for longevity?

- Always have an external sparring partner you can turn to.
- Think first about the company, then about yourself.
- Be conscious about the privilege and fortune that you have because you were given something.

- Don't put your ego in front.
- Share your thoughts and ideas within the family on a regular basis.
- Be passionate about what you do.
- Have a long-term vision.
- Know every detail of your company.

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