

From The Hill to The Valley *By Ruth Goodman, '82*

UNI entrepreneurship leads to success in Sonoma Valley

Thursday afternoons in the late '70s and early '80s were pretty much the same for Dan Leese (Marketing '81) and his buddy, George Blough (Accounting '81): trek to Johnson's Bakery in Waterloo, load 60 dozen bagels (720 of the little beauties) into the '67 Chevy van, head to the local food wholesaler, pick up 60 pounds of cream cheese, 60 pounds of strawberry preserves, drive back to the house they shared with nine other guys on Seerley

Boulevard, and get ready for The Magic Hour.

At the stroke of 10, Dan and George turned into "The Bagel Guys"—those savvy entrepreneurs who sold bagels every Thursday, Friday and Saturday night until 2 a.m. from their mobile stand at the corner of College and 23rd streets at the top of The Hill. This venture was so successful that after graduation, Dan even considered franchising the idea and starting bagel stands on college campuses across the country.

"It was my first opportunity to do

something entrepreneurial after college," Dan said, "but I just wanted to get to work. And I didn't feel like I knew anything. I mean, where would I start on something like that? There's just a twinge of regret, but I'm kind of making up for that now."

And how. In December 2005, Dan and business partner Doug Walker started Axiom Wine Company, a Sonoma, Calif. based business that focuses on the hottest growth and profit sectors within the industry - super-premium and luxury wine.

Axiom made a name for itself right out of the gates with its acquisition of the Red Truck and White Truck wine brands in Sonoma. The sale included the brand name, existing inventory and key brand icons. As part of the purchase agreement, the previous owner, Cline Cellars, continues to produce and supply the grapes for Red and White Truck; their winemaker continues to make the wines for both brands.

"As our cornerstone brand, Red Truck not only has a great track record, but it has enormous growth potential in the marketplace," said Dan. Red Truck was a 150,000-case brand, which equated to \$8 million in revenue in 2005. If all goes according to plan, within five years, Axiom will be a \$100 million company with a value of nearly \$250 million, making it

the 12th largest wine company in the United States. In the short term, if Axiom meets its \$16-\$18 million revenue goal for this year, which it's on track to do, it will become one of the top 30 wine companies in the U.S. in its first year of operation.

Axiom's success comes not only from Dan's nearly 25 years of experience in the wine and spirits industry, but from operating according to what he believes is the future business model within the industry: establish long-term contracts with growers who own the vineyards and grow the fruit, instead of tying up a lot of capital in buying vineyards. "The trick is to not get in a position where you have all of your money tied up in hundreds, potentially thousands, of acres, and then have no money to market the brands," he said. "What you need is to control the source with long-term contracts. You don't need to own the dirt."

This fall, Axiom launched a wine called Picket Fence, a super-premium brand that includes a Chardonnay and a Pinot Noir from one of the world's premier appellations - the Russian River Valley in Sonoma County.

In spring 2007, Axiom will unveil a Chianti, a Pinot Grigio and a Tuscan Red created through a joint ownership venture with the largest premium wine producer in Italy. This Tuscany-based producer owns the winery, the vineyards and a portion of the brand, while Axiom owns a majority of the brand and has exclusive rights to distribute the wine in North America.

Red Truck, a medium-bodied blend of red Rhone and Bordeaux grapes, has earned dozens of awards and accolades, including being named one of Wine Spectator magazine's "Best Value" selections for the 2002 vintage. White Truck, made from Sauvignon Blanc Pinot Grigio, Chardonnay and Viognier grapes, is a bright fresh wine with grapefruit, gooseberry and orange flavors.



From Bread to Wine

Dan's interest in the beverage alcohol industry began during his freshman year at UNI when he took a marketing research class and wrote a paper on how breweries market their products on campus. After talking with students, one thing became very clear: Coors Brewing Company was doing a poor job. Buoyed by his faith in his findings, Dan sent a copy of the paper to the local Coors distributor. After meeting with the distributor and the Coors college marketing representative from Golden, Colo., Dan was offered the job as UNI's Coors campus rep to help the brewery improve its marketing efforts.

In this position, which he held along with his late-night bagel gig and his news director job at on-campus radio station KCRS, Dan learned about the beverage alcohol industry, how consumers view products, and the importance of positioning and branding. "The campus rep position is what really set me on my way," Dan said.

After graduating in 1981, Dan landed a job with the Stroh Brewery Company in Detroit. In 1987, he moved to Brown-Forman in Louisville, Ky., one of the largest American-owned wine and spirits companies, to become marketing director for Korbel Champagne. Dan held various positions within Brown-Forman, including vice president of marketing, senior vice president and general manager of Fetzer Vineyards, and executive vice president, managing director of Brown-Forman's U.S. wine business.

In January 2001, Dan accepted the position of senior vice president, general manager of the premium wine division at Beringer-Blass Wine Estates (now Foster's Brewing Group Limited). Two years later, he was promoted to president of Foster's North American business. After a long and illustrious career of working for others, in 2005, Dan realized his dream of starting his own wine company.

Meaningful Meeting

Dan met business partner Doug Walker five years ago when they worked together at Beringer-Blass, where Doug was North American finance director. For a couple of years, the two talked about starting their own wine company. One day they finally made it official.

The partners now employ 15 marketing, finance and administrative staff members in Sonoma including Dan's wife, Katy, who is part of the marketing staff; Axiom's salespeople are located across the country. "It's fun building a company, because we're able to create our own culture, our own way of working," said Dan. "We work our tails off, but we have a lot of fun."

The name Axiom was chosen because of the meaning of the word: a self-evident or universally recognized truth. Throughout the business-building process, Dan came up with a few axioms of his own for people who want to start their own business.

First, establish your business based on your current culture, but keep an eye toward the future. "Ask yourself, 'Will what I'm setting up now still work when we're at \$100 million?' If not, you may want to rethink your plan." Second, hire great people. "I chose to spend money on hiring nine seasoned sales and marketing professionals. I could have had greater coverage by hiring more people with less experience for less money, but I would have had turnover. I'm building the company for the long term."

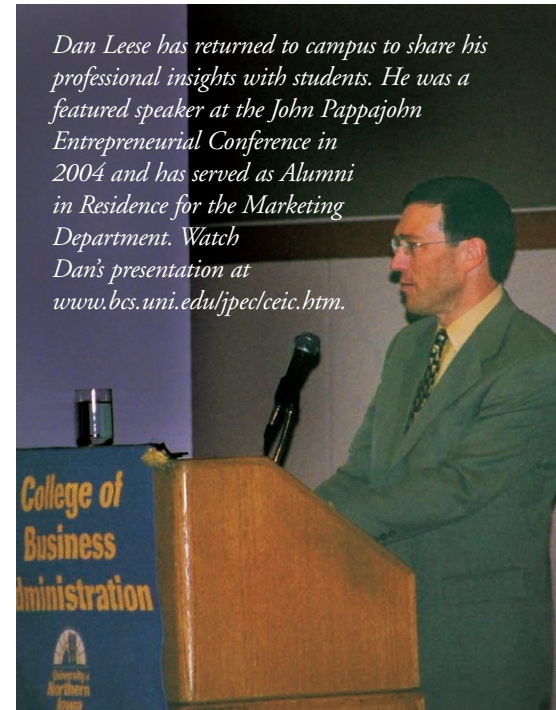
Third, choose a business partner carefully—someone who will complement your skills. "You need to pick a business partner like you pick a husband or wife. It's just that intimate." And finally, revisit your business plan often. "You've got to constantly ask yourself, 'Are we following the plan?' and 'Is the plan still valid?' You can get swept up in the whole startup mode, and what goes away are the disciplines needed to run the business. You can't allow that to happen."

Learning these disciplines was definitely part of Dan's undergraduate education. "I owe most of what I know professionally to the eye-openers I had in Cedar Falls, which taught me to view the possibilities broadly," he said. "I loved UNI. It was a terrific four years of my life."

As an undergrad, Dan knew he wanted to get into the beverage alcohol industry. He never imagined, however, that he'd own a wine business in California. "It's the greatest thing that could have ever happened for me," he said, "that is, next to meeting and marrying my 'Hawkeye' wife, Katy!"

Connect with Dan at Dan.Leese@axiomwine.com.

Editor's Note: Send your ideas for future alumni profiles to unibusiness.editor@uni.edu.



Dan Leese has returned to campus to share his professional insights with students. He was a featured speaker at the John Pappajohn Entrepreneurial Conference in 2004 and has served as Alumni in Residence for the Marketing Department. Watch Dan's presentation at www.bcs.uni.edu/jpeclceic.htm.