

Gemma West

Gemma started in the wine industry in 2001, and since then has held a variety of operational and management roles. After completing her winemaking degree, Gemma worked vintages in regions across Australia and in California, with winemaking roles encompassing small-scale research winemaking and consulting, to helping wineries develop new products with alternative varieties, to large commercial winemaking.

Whilst working as a winemaker, Gemma decided to pursue her interest in wine business, and completed a MBA. Nine years ago, she moved into wine business, and has since held roles in business improvement, utilising Lean and Six Sigma principles across the wine value chain.

Gemma's interests are business problem solving for strategic, recurring or complex issues and transformation to improve the leadership, employee and customer experience.



Driving Innovation in wineries and packaging – mindset, customer and tools

By Gemma West

All businesses must innovate – innovate or die they say. When I started in the wine industry in the early 2000s, it had just been through the heyday of the 1990s. Back then, I heard many winemakers saying “I make wines that I want to drink”, hoping the consumer would follow and buy. It worked for a time, and I believe that, on average, industry attitudes towards adapting to what customers really wanted took probably a decade longer than they should have to change.

The wine industry is a fragmented beast, and there's a bell-shaped curve

perhaps, in this case, skewed to the right in how quickly wine companies adapted to consumer desires. However, we're somewhat constrained by currently planted varieties, and that as winemakers, we still want to drink Riesling. If you've ever wondered why cellar doors offer a sweet white or red, it's because it sells.

So how do you make a wine that sells? By wine, I refer to the entire offering, including packaging, not simply a wine blend or style. I use the term wine because so many times I've been 'corrected' by winemakers who don't want to think of their wine as a product, a widget,

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or for commercial and bulk wines, a commodity.

We certainly don't want to give consumers the notion that it's anything other than a 'wine', but if you want to sell wine, you need to dance with the romance on the consumer side. But, internally, both as your own mindset and within your business, know that you're running a commercial venture, not a hobby.

This may sound harsh and maybe this thinking is already business as usual for you, but even now, I speak to winemakers who are out of touch with the commercial value chain impacts of their decisions and the consumer. Know your numbers and the cost base of individual wines.

Making a wine that sells and being a profitable business rests with three areas – mindset, consumer and tools. Mindset and consumer are far more important than tools, because if you have these right, it's easy to research the right tool for the job. When I first started in the business improvement space I became completely focused on the tools, trying to learn each one's application and not realising that it's all about the thinking.

I'll discuss some of the tools within Mindset and Customer below, but there's many more. Your most important takeaway for tools are that data-driven decision-making and effective problem solving are a great starting point.

Mindset

Mindset is first because the rest falls into place once you have it. In the business improvement, Lean and Six Sigma spaces - heralded by Toyota originally - the six most dangerous words in any business are "we've always done it this way". I've encountered much resistance challenging this, the most common being "we don't make cars", and therein lies the problem. Industries can always learn from other industries, and because of that, I put my hand up to go on as many farm, factory and processing plant tours as I can.

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If many people in your business are saying things like "we've always done it this way", "we tried that 20 years ago and it didn't work", or "that won't work because of...", you have a problem.

and it didn't work", or "that won't work because of ...", you have a problem. This closed mindset will stymie your innovation efforts and ultimately reduce your profitability. From the small day-to-day decisions in the cellar and on the packaging line, to the marketing, finance and leadership teams, people with this mindset can exist anywhere. And if this mindset exists in your winery's owner or managing director, I hope they have the good sense to get out of their own way.

This group fits into the Laggards category in Figure 1 below. This diagram originally described technology uptake, but has been shown to represent innovation uptake in a broad range of global industries, and represents the adoption of an innovation mindset within a business. Laggards will only

adopt a change if they are forced to – resulting only from threat of personal detriment or no other choice (e.g. product deletion).

Unless you've recruited for mini-entrepreneurs, you'll almost certainly find Figure 1's spectrum of mindsets within your teams and business. The people you need to nurture are the ones who say "Why not?", "what if we tried...", and challenge the status quo selflessly for the greater good. They never say "It's not my job".

Shown as the Innovators and Early Adopters groups in Figure 1, these are your Change Champions who behave as if the business' success is their goal, usually without incentives. Think of your gun cellar hand or your packaging

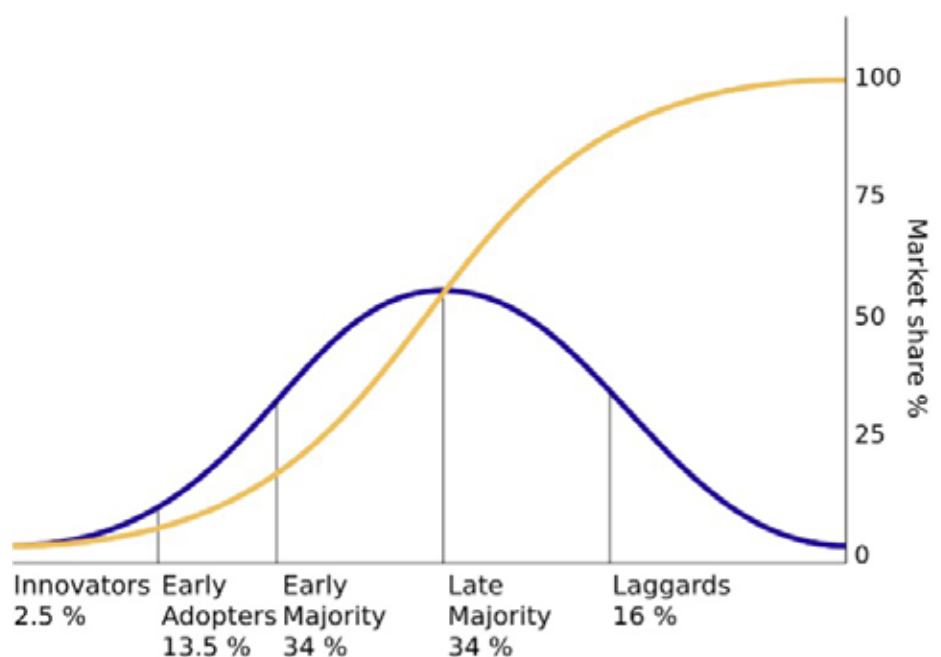


Figure 1: The diffusion of innovations according to Rogers (1962). With successive groups of consumers adopting the new technology (shown in blue), its market share (yellow) will eventually reach the saturation level.

maintainer that is known for engineering difficult solutions without complaint. They exist in every business and care more than most.

Whether it's formal or not, Champions can help you move the dial to a proactive and innovation mindset for your teams. Taking the time to sit down with these Champions, telling them your game plan and asking them to help you, works. They'll be energised and feel rewarded for everything they've been trying to do anyway.

If they aren't so much as informally recognised for their forward thinking and actions or the business isn't ready for change, they'll eventually find a business that is. The good news is that nurturing and retaining this group will attract more of them.

Changing mindsets across a business takes years (size dependent), and is a

their staff from the communications of a leadership team that 'doesn't get it', but may get worn down from being the meat in the sandwich. This is why it works best when led from the top.

A bottom-up approach can work, and Simon Sinek (2021) has some evidence of this, but without some sort of initial training on how this change process works for the few natural Champions at the operational level, change and sustainability of it will be key-person dependent, and you won't see the horizontal and vertical movement of the mindset that you need to embed change across the business.

So, how to move the dial and shift Laggards through to Earlies or, at least, non-resistors? I suggest reviewing Kotter's 8 Steps (Kotter, 1996). Also, language is important. Whomever is going to lead the change effort needs to

Customers are divided into external and internal customers, but should be treated with the same respect and focus – many businesses only think of customers as external, which is a missed opportunity for improvement. For ease, I'm going to refer to customers as a collective of consumers, external and internal customers.

Innovation involves all customers and is not limited to technology. Technology is a tool in the value chain process, but to improve profitability it's process you should focus on. You can implement the greatest software or technology, but if you haven't reviewed your complementary business processes with the teams who use it, you're missing opportunities for streamlining, error reduction, quality and speed improvements, and delighting the customer. Sometimes you don't need technology to make breakthrough improvements.

Example: Implementing a new pack format

The most important question here is "what customer problem am I solving with this product or service?" My earlier example about sweet wine at cellar door is an example – for those who are new to wine or don't have a dry palate, these suit well. It doesn't matter what you think or feel about it, it's what the customer wants.

Let's take a relatively new idea, the PET flat wine bottle by Garçon Wines. There are lots of benefits (Garçon Wines, 2021) to moving to this format for 'drink now' wines, but will the uptake be market segment dependent (and is that your market segment), because customers need a burning platform to change? Whilst offering no opinion on this product, if implementing this as an offering in the Australian market and assuming the packaging capability is here, as a start, consider the below questions based on the benefits the company advertises.

Customer:

- *Does my favourite wine come in the flat bottle format? If their favourite wine doesn't, will they change brands to a brand that does offer it if they're aligned with the benefits? Or will they change brands because their favourite wine is*

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process that requires tenacity and patience. If you've heard the saying "the fish rots from the head", nothing could be truer in this scenario. To change the mindset of your business, you first need leadership to buy in, and then for that team to champion it. If there are differences in attitudes to innovation in both formal and informal communications from the leadership team, for example, the spectrum represented by Figure 1, your implementation will yield a patchwork result. Measurement and incentives drive behaviour, and sometimes need to be adjusted for people to get on board.

If your senior leaders aren't on board, mindset change can be done within a smaller team, creating pockets of excellence within the business, but it is much easier if consistent communications from the top drive the vision. Managers of these teams can get job satisfaction from working within their forward-thinking team, and can largely protect

consider how they evolve the language within the business so staff at all levels talk about how they can achieve the tasks and vision, not reasons why they can't.

Pulling people up on negative language may seem trivial, but you accept what you walk past, and it should be no different for non-helpful language and behaviour you pull up in the bullying and harassment space.

Customer

A focus on the customer is an easy concept to grasp, but it's surprising how many don't have it front of mind. There has been much wine industry discussion over consumer vs customer. A consumer is the person who drinks your wine. They can also be a customer if they buy directly from you. Anyone who has a touchpoint with the sales end of your business is a customer, for example, a retailer, restaurant or distributor.



now in a flat bottle and they prefer glass? Customer insights will be required here and will be segmented.

- Does my market think there's currently an environmental problem with the glass wine bottle? For the environmentally conscious perhaps yes, but the overall population shares the same bell-shaped curve as the Innovators and Laggards in Figure 1, so you would need to target the Innovators and Earlies.

- One of the benefits is that the single bottle pack offering can be delivered through door-mounted letterboxes. You would need data on how many customers purchased single bottles. I expect most Australian customers don't have a door-mounted letterbox or front yard appropriately sized letterbox to fit the box width. Are customers happy with the status quo of a minimum six-bottle pack delivered either to their door, a parcel locker or local post office for pick up? Besides gifting, what would drive customers to purchase a single pack over a six pack (another offering) format – i.e. do you offer the single pack format despite potential low volume sales or only the six pack for this market?

- Does the market think there's a problem with transport or food miles enough to change to flat wine bottles for the reduction in transport costs?

Business mindset:

Once a decision has been made to move to the flat wine bottle for some of your wines, a communications plan for staff, commercial buyers and external sellers (e.g. bottle shop staff) should be developed as to how to talk publicly about the change.

Internally, moving your business' mindset below the leadership team level to be onboard with the change comes back to the language in the Mindset section regarding how we can do something, not why we can't. It's imperative that as well as rational and practical questions, you address the emotion that will result from the change, which will be different for everyone. The industry is largely conservative and traditional, so disruption such as this will drive strong emotion.

You can start with listing the likely questions you'll get asked. Some will have come up in the working group that made the decision to change. Remember that this group have had time to digest the change, have their questions answered and process how it will work. Everyone else is still at the starting blocks and you need to bring them on the journey, and continue to do this throughout the change.

A good pictorial of this is the J-Curve of change, shown as Figure 2 below.

Measuring your current customer's experience

A first step is to consider the customer journey. Ask yourself, have you ever tried doing business with yourself? If not, what do you think your experience would be? Are you delighting the customer?

As a starting point try interacting with your business at all the touchpoints a customer would (e.g. making a restaurant booking, joining and being a member of your wine club, attending a winemaker tasting, visiting cellar door,

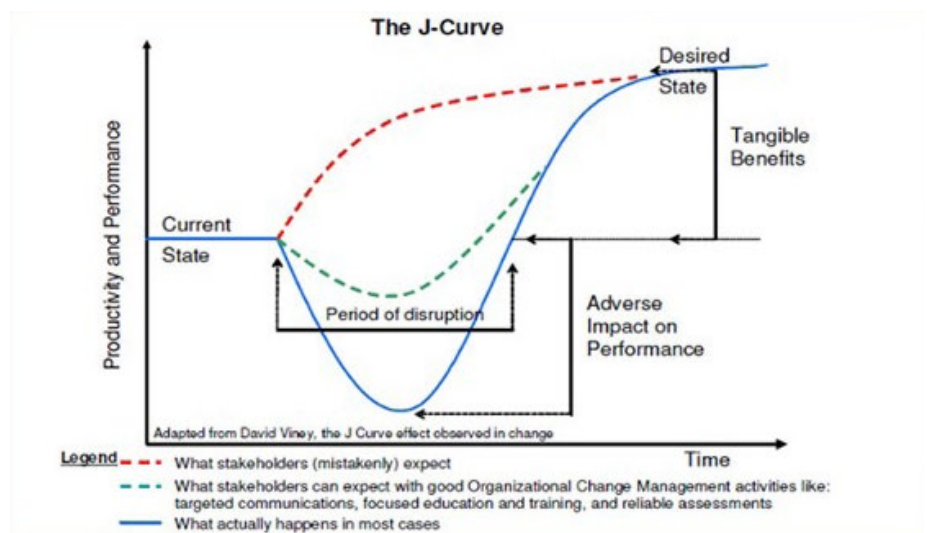


Figure 2: The J-Curve of change. Source: Viney, D. The J Curve effect observed in change.

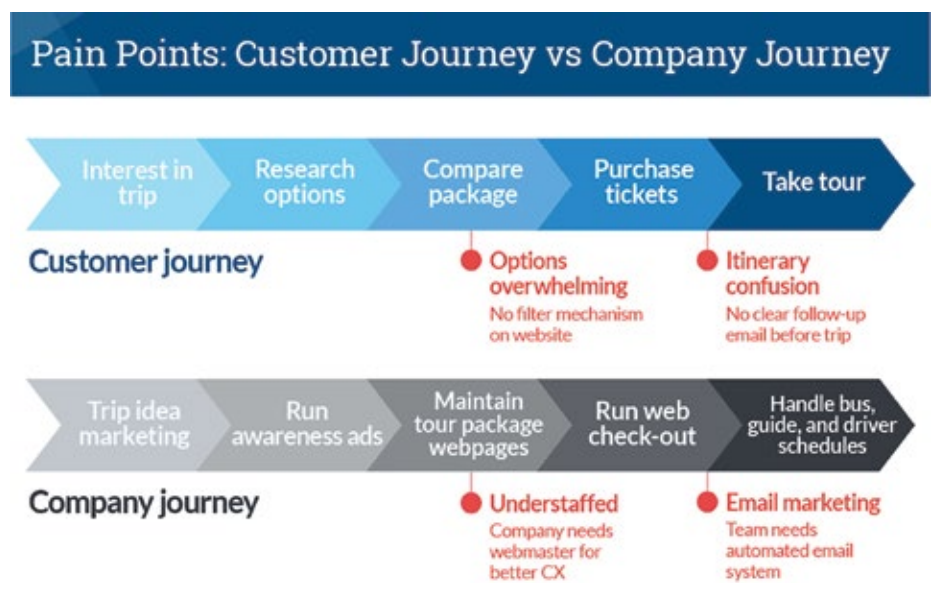


Figure 3: Simple Customer Journey Map Example. (NB. "CX" = Customer Experience). Source: Bialik, K. (Capterra) <https://blog.capterra.com/how-to-use-customer-journey-maps/>



buying online). If you'll be recognised internally and treated differently, get a trusted friend to play the role. Gather the likely pain points and known customer complaints at each stage. Figure 3 (see page 25) shows a simple example.

After gathering this data, step two is being an internal customer. Typically, the biggest waste in process is the handing off of information or physical items (not only wine but additives, bins, paperwork) between internal teams. Waste also occurs within teams, but as there's greater understanding of team direction, expert knowledge of the process and better communication, it's usually less.

By waste, I'm not talking about garbage. Waste in process is defects (information and physical items), inventory, waiting, overprocessing (gold plating when not required) and more, which can be found by researching the '8 Lean Wastes' (Schmot, 2017). Think of:

- grape bins not cleaned properly at the winery and sent back to the vineyard
- refiltering a microbially unstable wine because the receival tank wasn't clean
- labeller operators making minor tweaks at shift change because there is no standard set up of the machine documented and embedded
- tissue wrapping individual wine bottles that end up getting used for pouring at cellar door

• paperwork not completed properly that office staff have to chase up.

If you want to go one step further, do the same exercise between your business and your suppliers.

The key takeaway here is not to pass inferior or incomplete items or information to the next person.

Back to my original question – how do you make a wine that sells and improve profitability?

- Know your numbers – for every product and service
- Align your business to the voice of the customer
- Check your business's and your own mindset, making changes where required. Note that teams and sites have micro-cultures so one size doesn't fit all.
- Learn from and collaborate with other people, businesses and industries on pre-competitive terms. The wine industry sometimes behaves like only people who have been or are viticulturists or winemakers know what to do. This culture must be challenged and outside ideas embraced for industry to evolve.

All the best for your innovation and transformation journeys. We're all constantly evolving.

NB. Gemma West has no commercial or personal affiliation with any person or company representing the flat wine bottle.

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The wine industry relies on trusted suppliers for innovative solutions and up-to-date information on equipment, streamlining processes and improving productivity. Make sure you visit the online Expo stalls and support the local suppliers who support the industry.

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