

Young leader forecasts positive future for Australian viticulture businesses

By Lauren Jones

Viticulture consultant Mary Retallack has a positive vision for the Australian wine industry, particularly the grapegrowing, or as she prefers, the winegrowing sector. Far from looking at the future of the industry through rose-coloured glasses, Retallack is taking a practical approach to helping growers realise that they can build their own capacity enabling them to take charge of their business rather than looking firstly to others for answers or decision-making.

Retallack grew up on a fruit block in South Australia's Riverland and although she is a third generation viticulturist, by contrast her life is drastically different than that of her forbears. She drew on 14 years of formal industry experience before establishing her own enterprise, Retallack Viticulture, earlier this year. Many readers would know Retallack from her time as a senior viticulture consultant at Scholefield Robinson Horticultural Services, where she was instrumental in the development of the 'Vinebiz' vineyard business development program and Excel-based Financial 'Ready Reckoner' via funding from the Grape and Wine Research and Development Corporation's Grassroots program. Vinebiz workshops are scheduled to be held in Griffith, Swan Hill, Robinvale and Mildura from 29 September to 2 October this year, also supported by Grassroots. Copies of the Vinebiz program are accessible by contacting the WGGA office¹.

Having travelled extensively within Australia and overseas, including working in the US and Canada, Retallack has also held the roles of vineyard manager at Mountadam Vineyards in Eden Valley, program leader with the Co-operative Research Centre for Viticulture (CRCV) on its Research to Practice program which was presented Australia wide, and helped to establish the Viticulture and Wine Studies program at the Onkaparinga Institute of TAFE, taking in the regions of McLaren Vale, Adelaide Hills, Langhorne Creek and the south-east of South Australia.

Among the highlights of Retallack's career has been her participation in the 2007 Pathways to Rural Leadership program in Canberra and the second intake of the Winemakers' Federation of Australia's Future Leaders program in the same year. In 2008, she became a member of Course 15 of the prestigious Australian Rural Leadership Program (ARLP). One wine industry candidate per year is sponsored by the GWRDC. The course runs over a period of 18 months and encourages participants to think about the current and emerging challenges in rural, regional and remote Australia. The aim is to create a network of leaders with compassion and commitment, strategic



Graduate of the GWRDC-sponsored Australian Rural Leadership Program and wine industry-specific Future Leaders program, Mary Retallack, wants to see winegrowers empowered to build capacity within their own businesses to seek greater stability and success in the years ahead.

thinking and negotiating skills, with the foresight to influence communities, industries, businesses and policymakers.

Through this leadership program Retallack came to fully appreciate the breadth of knowledge available from other rural industries; she began to question more deeply, seek solutions to problems, and consider the challenges facing the Australian wine industry, both in the short and long term.

"I believe that if people in communities have the skills to feel empowered, they also have the capacity to create their own vibrant future," Retallack said. "There's a whole range of things people can think about and implement when planning to realise these goals.

"At the moment, the wine industry is faltering because of a range of issues that are both within and out of its direct control.

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We require strong leadership and this may also come from the next wave of leaders, many of whom have participated in formal leadership programs in recent years, along with those who are natural leaders within their communities. Over the last couple of seasons we have been waiting for market forces to correct the over-supply of grapes and wine, and this has not happened as quickly as we would have liked. Now is the time to review what has happened, think about what we can do to adapt, change our practices in the future, gather accurate industry data and think about setting 'lead indicators' with an appropriate buffer to ensure this situation doesn't reoccur," she said.

Strength in numbers

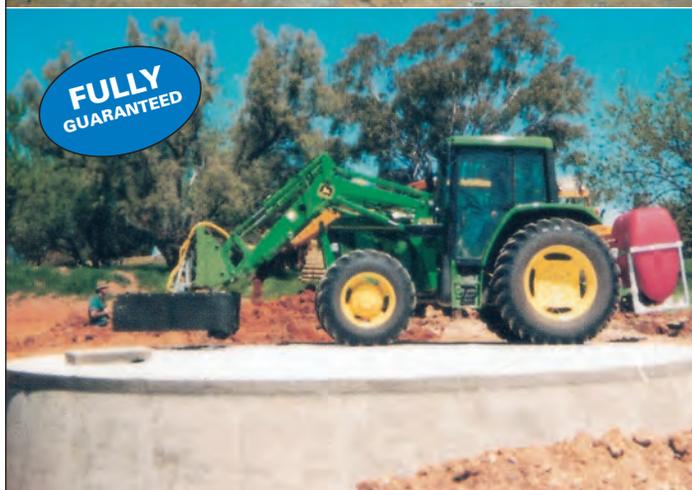
Retallack said it was important that industry members who had been part of the Future Leaders, ARLP, regional and other leadership programs to come together, so the industry could fully realise the investment that had been made in these individuals.

"Rather than being silos or groups of individuals, we have the capacity to hold powerful discussions, to develop ideas and strategies for the future of the industry. We must bring these people together," she said. "For example, instead of the Future Leaders being three discrete groups of 15, we have the opportunity to create a 'wave' of 15, 30, 45 participants and so on. With a critical mass of people who have been through leadership courses, this process is starting to happen."

In mid-August this year, Retallack joined the graduates of the first two 15-member groups of the Future Leaders program, spanning the 2007 and 2008 intakes, along with participants from the ARLP for a two-day forum which involved hearing from a range of guest speakers from both the wine and other industries, followed by group discussions to look at a range of strategies for the future of the wine industry. "Long-term strategy takes time to develop and evolve. We have started this process and will meet regularly in the future to progress these discussions," she said.

"We are keen to contribute to the future direction of the industry and are encouraged that our opinions are valued. I think it is fair to say we are no longer 'future' leaders but since we have graduated, we are regarded as leaders in our own right. A new generation of leaders are being encouraged to take up positions of influence," said Retallack, a non-executive member of the GWRDC board. Through this position, Retallack hopes to demonstrate to others in the industry that there are tangible opportunities to be gained from being part of the leadership programs and being willing to have a go.

"I am keen to be inclusive and encourage people who would like to participate in industry leadership opportunities. I'm not quite sure how to best formalise this, but I've consciously made myself available to those who might be interested in hearing about my experiences at any time," she said.



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Fridays are specifically reserved in Retallack's diary for investing in people and giving back to the industry. Now that the baton is being handed to younger members of the industry, Retallack said it was the responsibility of individuals to grasp the opportunities for leadership roles.

"Once you start the ball rolling, you can never quite foresee where things may go, but I have been amazed so far," she said. "Now is an exciting time to be in the wine industry."

Lights on the horizon

In Retallack's view, the overall statement that the industry is beyond repair is incorrect and has the capacity to be quite damaging both domestically and in the international marketplace. "It is important to acknowledge we have a range of real issues to address at the moment but also to be on the 'front foot' about finding solutions. I am keen to be part of the solution and not part of the problem," she said. "While people sit back waiting for someone to intervene in industry affairs, they are powerless to create change or have a say in their future," she said.

In Retallack's view, the successful viticulture and winemaking enterprises that currently exist are a credit to the managers having a good understanding of their markets, developing long-term relationships with both suppliers and producers, having a good understanding of their production costs and knowing how to adapt the businesses to suit the current climate.

"A common thread in successful businesses and individuals is a 'can do' attitude. Conditions are tighter and tougher at the moment, but not insurmountable," Retallack said. "There's nothing like a crisis to force an introspective re-evaluation of what is being done in the past and where you are heading. Surely, this is a good opportunity to reassess the best way forward. The Australian wine industry has come from an unprecedented period of growth and prosperity, and while this is fantastic, it has also contributed to its current challenges, and to some extent bred a degree of familiarity and complacency."

Retallack was quick to not discount the successes of the Australian wine industry.

"Between 1995 and 2000, Australia came from nowhere to become the fourth largest wine exporter in the world after France, Italy and Spain. However, now is a good time to stop and re-evaluate winegrowing businesses, change what is no longer working and have a long-term view of where the business is heading," she said.

The first steps forward

Retallack doesn't profess to know an easy way out of the industry's current challenges, but believes providing people with the skills to critically analyse their businesses and giving clear industry messages is the fundamental first step. Her view is that the current climate provides the opportunity to reposition what is being offered to domestic and international markets, with greater emphasis on growing grapes for purpose and doing it sustainably from both a natural resource and financial perspective.

"Finding innovative solutions to problems will encourage people to think outside the square," Retallack said. "This is what I am getting at when I talk about grapegrowers making the

transition to becoming winegrowers. Grapegrowers have traditionally grown and sold grapes with little difficulty. In order to survive in the future, grapegrowers need to become winegrowers who have an inherent understanding of the bigger picture and how to function successfully in the changing environment."

Likewise, regional identity is important. Regional winegrowers will need a greater awareness of the volumes of fruit being grown at key quality levels coupled with financial viability.

According to Retallack, part of the industry's repositioning needs to include an assessment of the key varieties grown in all wine regions, the fruit quality and the cost of production attached to growing these grapes. For example, she says there is no point growing C or D grade fruit if the cost structure is designed around the production of A or B grade fruit and this value is not being realised.

"There is a general view in the industry at the moment that we need to rationalise the area we have under-vine. We need to be very cautious about making general industry statements about areas that may need to be removed because they are uneconomic or producing varieties at price points we don't have a market for. Better access to planting and timely production figures is required for us to understand these issues better. There are a range of growers who do not have the capacity to adapt or change to make the step to being sustainable in the long term and they may need to consider leaving the industry. However, many of these growers may choose to stay on the land and have off-farm income to support their personal drawings. Importantly, individual grapegrowers will need to make these decisions for themselves, but they need to be informed decisions," she said.

Part of the process of grapegrowers becoming winegrowers was to help them better understand the business including the financials, therefore developing a greater knowledge of the value chain and encouraging growers to think about how they market themselves to prospective grape purchasers.

"Growers intrinsically know if their property is making money or not. However, it is good practice to look at the division of operating and overhead costs to determine the profitability of individual management units. This gives the grower the capacity to fine-tune their management approach one step further. Management units that are making money may be subsidising those that are not.

"Everyone has access to this information through an annual Profit and Loss (income) statement prepared by an accountant at tax time. This is a powerful tool to calculate the profitability of individual management units and to calculate key ratios, which indicate the health of different parts of the business and identify areas for fine-tuning and improvement.

"It's not about survival of the fittest for growers. Working harder may not produce the solution growers are looking for. Those who are able to adapt the best are most likely to survive. In my life, I have been forced to adapt and make different choices. Our fruit block had been in the family for nearly 50 years but after the death of my father in the late 1980s the property was sold. Had that not been the case, I would have liked to have stayed on the family property but even at that early stage

in my life I could see that it was unprofitable without off-farm income because of its small size," Retallack said.

Reaching the tipping point

Retallack sees the 2010 season as the industry's tipping point, suggesting people who have not been able to demonstrate they have been able to run a viable business over the last few seasons, or have little prospect of doing so in the future, will need to consider exiting the industry. Part of the process was getting members to that point and allowing them to make informed, yet difficult, decisions.

"We're getting to the point now where people have fully utilised lines of credit available to them through financial institutions. Banks are trying to recoup money through foreclosure of distressed assets. External influences, in part, drive this movement, forcing the hand of growers. Where growers have not been pre-emptive in making decisions, the capacity to safeguard the value of their assets has been limited," she said.

Establishing her own consultancy has given Retallack the chance to look at the opportunities for the industry from a bigger-picture perspective.

"Being forced to seek new ventures can be a tremendous opportunity to discover skills or take a different direction, without the burden of debt. If selling assets breaks the cycle and gives the person greater opportunity, I would question whether it was necessarily a bad thing," she said.

Caring for mental health

Retallack has an interest in the mental health of members of the industry, particularly those struggling with depression, including both her older and younger peers.

"The thing with depression is that sufferers can hide it very well and there are a lot of people I have met or know within the industry that really struggle with the illness and it remains a taboo subject. Some of these people are very successful and the perception is that they are happy, but sometimes there is an underlying issue," she said.

"There is a real human element to this and an opportunity for us to support people more effectively. One way to do this is to start discussing some of these issues more broadly and in an industry context so they are no longer hidden."

On the road again

On 26 August this year, Retallack represented the wine industry in addressing attendees of the Australian Bureau of Agricultural and Resource Economics (ABARE) regional outlook conference held in the Clare Valley, where she spoke about 'Helping grapegrowers to become winegrowers'.

In September, Retallack travelled to India with her ARLP peers to continue the challenge-based education, hands-on learning and structured training that the program provides. Retallack will report on this experience in a future issue of *Australian Viticulture*.

Wine industry members interested in applying for the next intake of the Australian Rural Leadership Program, Course 17, can gather more information by visiting:

www.rural-leaders.com.au or contacting Karim Haddad, manager of leadership education, Australian Rural Leadership Foundation, telephone +612 6281 0680 or email:

karimh@rural-leaders.com.au. Though applications officially closed on 31 July this year, at the time of writing, the ARLP organisers were still looking for a suitable wine industry candidate.

More to come

Other wine industry members that have participated in the Australian Rural Leadership Program will be profiled in future issues of *Australian Viticulture*.

Mary Retallack can be contacted at mary@viti.com.au or +618 8339 3324. Retallack Viticulture is registered to develop PIRSA 'Planning for Recovery' business plans.



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