

FEATURE ARTICLE

Dry Creek Vineyard Approaches an Historic Milestone with an Historic Turnaround

Dry Creek Vineyard is in the final stages of accomplishing a stunning transformation in everything from vineyard sources to wine quality.

Dry Creek Vineyard is celebrating its 35th anniversary this year, but the more interesting number at the moment is four. It was four years ago that winemaker Bill Knuttel arrived with a five-year plan for overhauling the winery's entire production. This in turn was the centerpiece of a company-wide transformation envisioned by the winery's owner-managers, Don and Kim Stare Wallace.

With one year to go, it's safe to say that the plan is well ahead of schedule.

In recent blind tastings, Dry Creek Vineyard wines have consistently shown outstanding expression of place, impressive clarity of style, and vibrant, luxurious pleasure in the glass. The meaningless "reserve" tier is gone, replaced by single-vineyard wines from exceptional sites, and the winery's mainstay programs – Sauvignon Blanc, Zinfandel, and Bordeaux varieties – are once again selling out fast.

That's a remarkable contrast to just five years ago. While Dry Creek Vineyard was a solid producer all through the 1990s, the wine glut that hit in 2000 exposed its weaknesses. The 30,000 cases of generic Sonoma Chardonnay which the winery pumped out annually were suddenly hard to sell. Winery founder David Stare was the first to plant Sauvignon Blanc in Dry Creek Valley back in the early 1970s, but the winery's Sauvignon had lost its identity. And at the high end of the portfolio, outdated production methods had drained the luster out of the reds.

Both Wallaces (she is Stare's daughter) had left other jobs and careers to work for the winery, and they had moved into leadership roles by the late 1990s – just in time to watch developments in the early years of the new decade with dismay. If they were ever going to put their stamp on Dry Creek Vineyard, the time had arrived.

"Don and I could see that the whole industry had changed dramatically, but our winery hadn't," Kim says. "New wineries were more competitive, there was more corporate ownership, and consumers were more demanding. If we were going to survive as a family winery, we had to go in a completely new direction – and we had to move fast."

Don, a genial former engineer who has studied viticulture and geology, is the winery's general manager and self-described "dirt guy," overseeing vineyard management from the ground up. Kim is a vivacious mother of two who worked in the fashion industry after studying merchandising and marketing; she manages those two activities for the winery along with hospitality and communications.

The focus of their new strategy, they agreed, would be superb wine. "We had all the frills, the guest house, and the winery chef," Kim says, "but those things weren't going to turn the winery around." So they got rid of the guest house and the chef, and went looking for a new winemaker.



Dry Creek Vineyard founder David Stare (left) with owner-managers Don and Kim Stare Wallace.

They initially reached out to Knuttel in 2001. After making his name at Saintsbury in Carneros, Knuttel had become well established at Chalk Hill Estate Vineyard, which dominates the Chalk Hill appellation. "We knew what kind of vineyards he had to work with, and that the wine was a lot better than you would expect," Don remembers. "We figured that with the right fruit sources, he could make some great wine."

But Knuttel turned the Wallaces down. He had spent years getting his staff, vineyards, and production where he wanted them at Chalk Hill, and was not ready to leave. "But it was an intriguing invitation," he admits, "and I kept it in mind."

Two years later, he was the one reaching out to the Wallaces.

Chalk Hill Winery's owners, Fred and Peggy Furth, suddenly wanted to make major changes, and Knuttel realized he had a clear choice. "If I was going to shift to a new strategy in a mature winery," he says, "it was going to be much easier to do that with a completely clean slate." At Dry Creek Vineyard, he would have younger owners, a more prestigious appellation, and better vineyard sources -- and could help shape the strategy as well.

Once Knuttel joined the Wallaces, things moved into high gear in a hurry. He arrived in June of 2003, and that year the winery slashed production in half, from more than 142,000 cases to 72,000. The number of individual bottlings fell by half as well, leaving many distributors and customers without familiar products. Knuttel also began replacing the winery's aging American oak barrels with new French cooperage that fit the winery's best vineyards and stylistic preferences.

Meanwhile Don Wallace was selling vineyards in Alexander Valley that didn't fit the new focus on appellation-focused wines. He was also ending contracts with outside growers and seeking out new vineyards in Russian River Valley as a home for the winery's Chardonnay program.

THE EXPENSE OF THE EXPANSE

If you think changes of this magnitude are expensive, you're right. For example, new French oak barrels now routinely top \$1000 apiece. That can add up to a million-dollar annual investment at a winery the size of Dry Creek Vineyard.

"We don't have a money tree out back, or a trust fund somewhere, to pay for all this," Kim says with a rueful laugh. "We're paying for the whole transformation out of operations, and that means we've had some sleepless nights."

At every turn, however, they have pushed forward instead of holding back. When Knuttel advised the Wallaces that he needed a new bottling line, or that he wanted lower yields from particular vineyards, they found a way to provide the funds or offset the loss of revenue. "He explains the cost-benefit in a way that a kindergartner could understand," Don marvels.

At the same time, Kim and Don were shaking up a staff that had become set in its ways. "I called everyone together and told them that we were going to raise our game as a team, and if they wanted to stay on the team they were going to have to rededicate themselves," Don recalls. "Of course I knew that not everyone was going to be happy to hear that." In preparation, he had already put together severance offers, and a number of employees took them.

In yet another break with the past, Dry Creek Vineyard dropped out of Winery Associates, a marketing and distribution combine that David Stare had formed with other family-run Sonoma wineries.

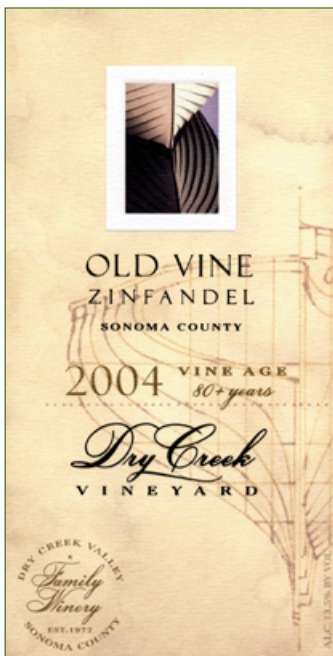
"When you need to tell customers a completely new story, you need your own people telling that story," Kim explains. "My dad created Winery Associates for good reasons, but those reasons were no longer valid."

As the winery's majority shareholder, Stare could have stymied this and other changes, but he approved them instead. "He understands that we are restoring his legacy, not leaving it behind," Kim says.

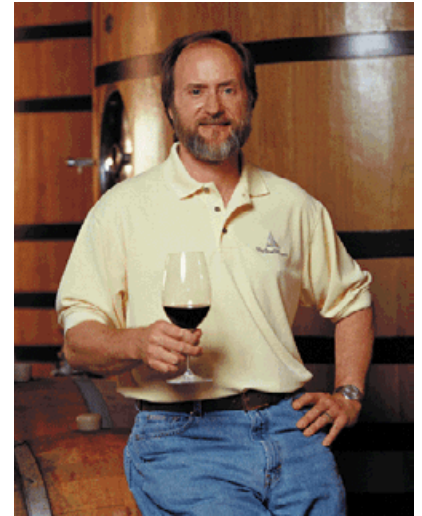
"When we came to Dry Creek 35 years ago, there were only three working wineries and the locals didn't want another one. The prune farmers actively opposed my dad," she relates. "Now there are dozens of wineries and the appellation is known for great Sauvignon Blanc. So he was a pioneer in his time, and we want to keep his winery front and center in what's happening today."

SO HERE'S WHAT'S HAPPENING TODAY AT DRY CREEK VINEYARD

Total production is back up to 100,000 cases, which the Wallaces and Knuttel consider a "sweet spot" for their vineyards, production facilities, and distribution strategy.



- The majority of vineyards are now wholly owned, with a selection of additional vineyards under contract (particularly for truly old Zinfandel vines).
- All the Zinfandels and all the wines from Bordeaux varieties (both red and white) are grown in Dry Creek Valley and carry the appellation name.
- The winery's Chenin Blanc comes from Clarksburg – an appellation in California's central valley that Knuttel says is surprisingly similar to Dry Creek Valley in terms of climate and growing season.
- The Chardonnay is grown exclusively in Russian River Valley and carries that appellation.
- The Sauvignon Blanc programs have returned to their French styling, emphasizing apple flavors, crisp minerality, some savory grassiness, and refreshing finish.
- The winery's "old vine" Zinfandel now states on the label that all the vineyards behind it are at least 80 years old, so there's no question about what the term means.
- At the top end of the range are a set of superb single-vineyard wines, including the Endeavor Vineyard Cabernet Sauvignon Blanc and vineyard-designated Zins from Beeson Ranch and Somers Ranch.
- The winery's Meritage offering (meaning a red blend of Bordeaux varieties) will be renamed "Mariner" and released this fall.



Winemaker Bill Knuttel