

Stone Hill Winery: Strategic Vision

Description

Developing an enduring and successful business in an ever-changing economic picture requires a clear vision of the future and a dedication to fulfilling that vision. Stone Hill WineryYe Olde Brewery: Quality Measures

Description

What goes around comes around, even when it comes to beer. The microbreweries that seem to be all the rage in beer-connoisseur circles are actually indirect descendants of the beer-making industry from 100 years ago and more. The beer market of the pre-Czechoslovakian region in the late 1800s offers a microcosm for study.

Of course, in Eastern Europe and out, there are myriad differences between the beer industry then and now. The rest of the world was a lot less accessible a century ago. Local breweries ruled the market, and the market rarely fluctuated in size. There were no 18-wheelers rumbling down highways with promises of less-filling mountain gusto for good friends, and good friends were more likely to stay in the immediate area from cradle to grave than they are today. It was simply a reflection of the transportation and career opportunities available at the time.

Similarly, the great technological advances in measuring devices had yet to be made (or at least introduced to the Czech lands) by the late 1800s. As far as beer making went, sensors were essentially whatever the human form could provide. The color, foaminess, and transparency of a beer were judged by eye. The nose was the final arbiter of a brew's aroma, and the palate decided whether a beer's taste was up to snuff (of course, some things never change).

However, even then a good beer was not likely to go unnoticed. Competition among beer makers was on the rise, and the market range for certain breweries was increasing. As a brewery's area of influence expanded, the durability of its product became much more important.

Unfortunately, the demand for a beer that could travel great distances far outweighed the supply of proven durability sensors. Experienced brewmasters noticed a relationship between durability and the amount of alcohol in the beer, but they had no precise method for measuring alcohol content. They could only *estimate* alcohol content according to the beer's density and viscosity.

The sensors for judging density and viscosity were nowhere near as precise as today's technology allows, but the method used by certain Bavarian brewers was a real seat-grabber. An inspector clad in buck-leather trousers sat on a wooden bench covered with beer. If, at the end of an hour, the inspector could not separate his rear end from the bench, the beer's durability was proven.

Fortunately for beer lovers, measurements in the beer-making industry have become more precise and more comfortable to employ. In fact, they have now advanced to the point where even small-market breweries can capture a share of the market. Which proves another point: The more things change, the more things stay the same.

Learning Points

Quality experts have known for years that "we cannot improve what we cannot measure." Too often, however, there are those who claim that the nature of *their* work is such that it is impossible to measure it. This is especially true of those in positions where their work affects customer goodwill, is creative in nature, has an element of "art" to it, and so forth.

The use of the seat of an inspector's pants to measure a beer's durability in the late 1800s, while unscientific, reminds us that the need to establish some form of measurement is crucial to developing a quality product. The fact that scientific measures were ultimately developed to test durability should be a source of encouragement to anyone trying to develop measures to identify problem areas and improve performance in any aspect of work.

When we utilize quality measures, it turns the subjective into the objective. Objective data (versus anecdotal evidence) and the graphic presentation of that data assure that the message can be heard by all and that action will be taken to eliminate the problems the data represent.

Discussion Questions

Question: What are some of the quality measures that you use to evaluate your own organization's performance?

Answer: Responses will vary but may include the following:

- percentage of deliveries that are late
- time it takes to approve a loan
- time it takes to develop a new product
- percentage of integrated circuit chips that are defective

Question: Are there any areas in your organization where quality measures are not used because the nature of the work does not appear to lend itself to measurement?

Answer: Responses will vary but may include the following:

- research and development
- customer service
- training and development
- graphic art

Question: What are the steps to establishing measurement in an organization?

Answer: First, identify the features to be measured. Choose features that are important to the customers of the services or directly affect outcomes that are important to customers. Second, identify the unit of measure. By asking customers how they evaluate the results of the service, you will discover implicit ways in which customers measure the service. Finally, decide the means by which you will measure. You may use technological sensors (e.g., clocks, thermometers, etc.), or you may use data bases and reports or human evaluation (e.g., does a hotel room have the proper number of towels, do blemishes exist on the finish of a home appliance).

Question: What are the criteria for developing a unit of measure?

Answer: The ideal unit of measure meets six criteria.

- It reflects a customer need, whether the customer is internal or external.
- It provides an agreed basis for decision making.
- It is understandable, i.e., it does not require additional definitions.
- It can be broadly applied.
- It can be uniformly interpreted.

- It is compatible with existing sensors, i.e., those human or technological measures used to monitor performance. In Hermann, Missouri, faced three major challenges in the mid-1980s. First of all, competition in the wine market, mainly from California wineries, helped raise overall wine consumption in the United States, but it also served to obscure the Stone Hill presence as the number of West Coast labels increased dramatically. Secondly, Stone Hill's niche, the medium-quality, value-priced, dessert wine, was no longer the wine of choice. Dry table wines surpassed dessert wines, and image, rather than price, motivated sales. Finally, as the number of wineries grew, the increased advertising and promotional efforts from the competition cluttered the marketplace and diminished Stone Hill's presence both on the shelves and in the minds of the consumers.

These challenges forced Stone Hill to become more innovative, to take control of its future rather than simply react to the vagaries of market trends. As a family-owned business, Stone Hill had always relied upon "family/employee" relationships. To succeed in the new marketplace, the winery shifted that focus to a "total teamwork" environment, with new equipment and a larger staff dedicated to producing the finest wines available from the Missouri soils.

Research during this period showed that wine brand loyalty is dependent on a number of factors beyond just taste. In fact, the accompanying atmosphere or experience when one first samples a particular wine often influences the first impression. Stone Hill's beautiful winery, complete with large underground cellars, pristine grounds, rich history, and a quaint German village adjoining it, offered Stone Hill a unique marketing advantage. Rather than compete with the same "our wine is best, it will improve your love life and advance your career" message as other wineries, Stone Hill promised a fun experience: "Come out to the winery and have a great time."

Essentially, Stone Hill's new strategic vision for the company was to get into the tourist trade. A full schedule of events and concerts draws a quarter of a million people to the Hermann location annually. Their Branson, Missouri, facility entertains over 350,000 folks a year, and Stone Hill has developed the Stone Hill Winery Warehouse Outlet on I-70, the state's largest highway. With a staff of service professionals determined to make each person's stay an enjoyable experience, delighted visitors leave the Stone Hill facilities well on their way to becoming loyal customers.

The expansion into tourism has done wonders for Stone Hill's wine sales. Gross sales in 1993 reflected a 71 percent increase over 1990 sales figures. Wholesale sales in 1993 increased by 35 percent over 1992, during a period when most California wholesale business was flat. Total sales in 1994 went up 25 percent over the previous year. Clearly, Stone Hill's vision for the future has resulted in a successful business turnaround and the potential for even better days ahead.

Learning Points

With a clear vision, an organization can not only reverse its downward spiral, but also thrive. By targeting its efforts towards strategies to achieve "its vision," Stone Hill Winery was able to reinvent itself. By adding upscale, quality products and creating a fun-filled experience for guests on the lovely winery grounds, the winery has been able to develop a large following of loyal customers.

Discussion Questions

Question: What is a vision statement?

Answer: Essentially, a vision statement is an organization's wish list, a stated idea of what the organization would like to accomplish or where it would be sometime in the future. It conveys a general image to customers and employees of where the organization is headed.

Question: What are the elements of a good vision statement?

Answer: Good vision statements are focused on the customer, present an achievable goal, offer a compelling goal for which to strive, and are readily shared by the entire organization.

Question: What are the primary influences that go into creating a vision statement?

Answer: When creating a vision statement, an organization should take into account:

- the needs and wants of the customer
- the values of the organization's leadership
- the environment within which the organization operates
- the current state of the organization

Question: What's the difference between a vision and a mission?

Answer: A mission focuses on the business of the organization, while a vision describes the desired future state of the organization.

Question: What are some potential pitfalls to avoid in creating a vision statement?

Answer: Pitfalls to avoid include:

- failure to consider long-term market needs
- failure to provide challenge to the organization
- failure to state the vision concisely and clearly
- failure to explain the vision's benefits to customers, suppliers, or employees

Question: Once an organization has a vision statement, where does it go from there?

Answer: Creating the vision statement is actually the first step in strategic quality planning. If the vision statement is properly created, the vision is then achievable by following the strategic quality planning process. In the case of Stone Hill Winery, the winery shifted its focus from good wines to fine wines and fun times. This shift required heightened emphasis on equipment and knowledgeable staff as well as a new dedication to incorporating the principles of the tourist trade. Such an overhaul of an organization's direction can successfully be done only through detailed strategic quality planning.

Question: What is your organization's vision for the future?

Answer: Responses will vary. Probe: How does this vision affect your day-to-day work? Does your organization's vision reflect the characteristics of a good vision statement? Why do we sometimes lose sight of the organization's vision?